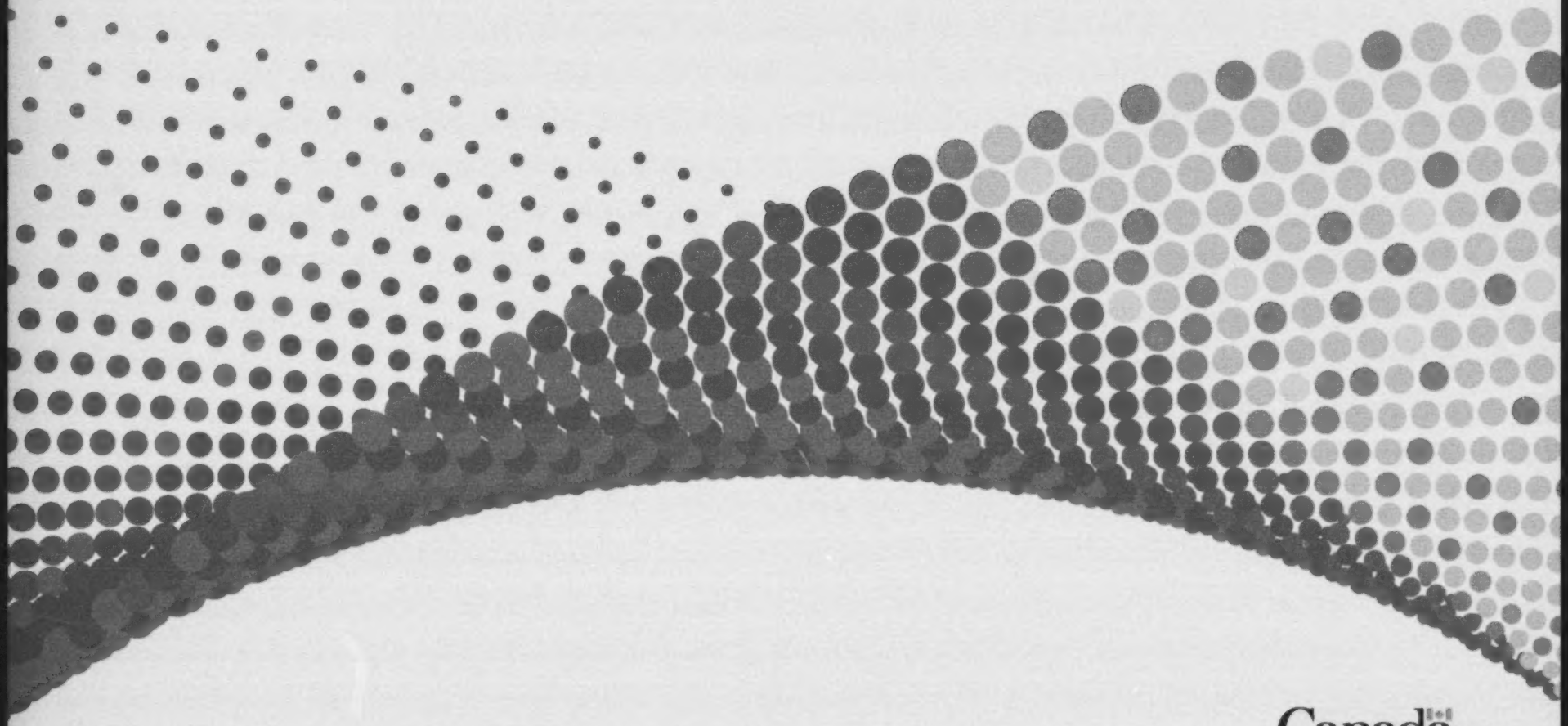
Financial Consumer Agency of Canada

Agence de la consommation en matière financière du Canada

Building Momentum

ANNUAL REPORT 2014–2015



Canada

These are the pillars of a consumer protection system that seeks to empower Canadian financial consumers and enhance responsible financial market conduct in Canada.

Lucie Tedesco, FCAC Commissioner

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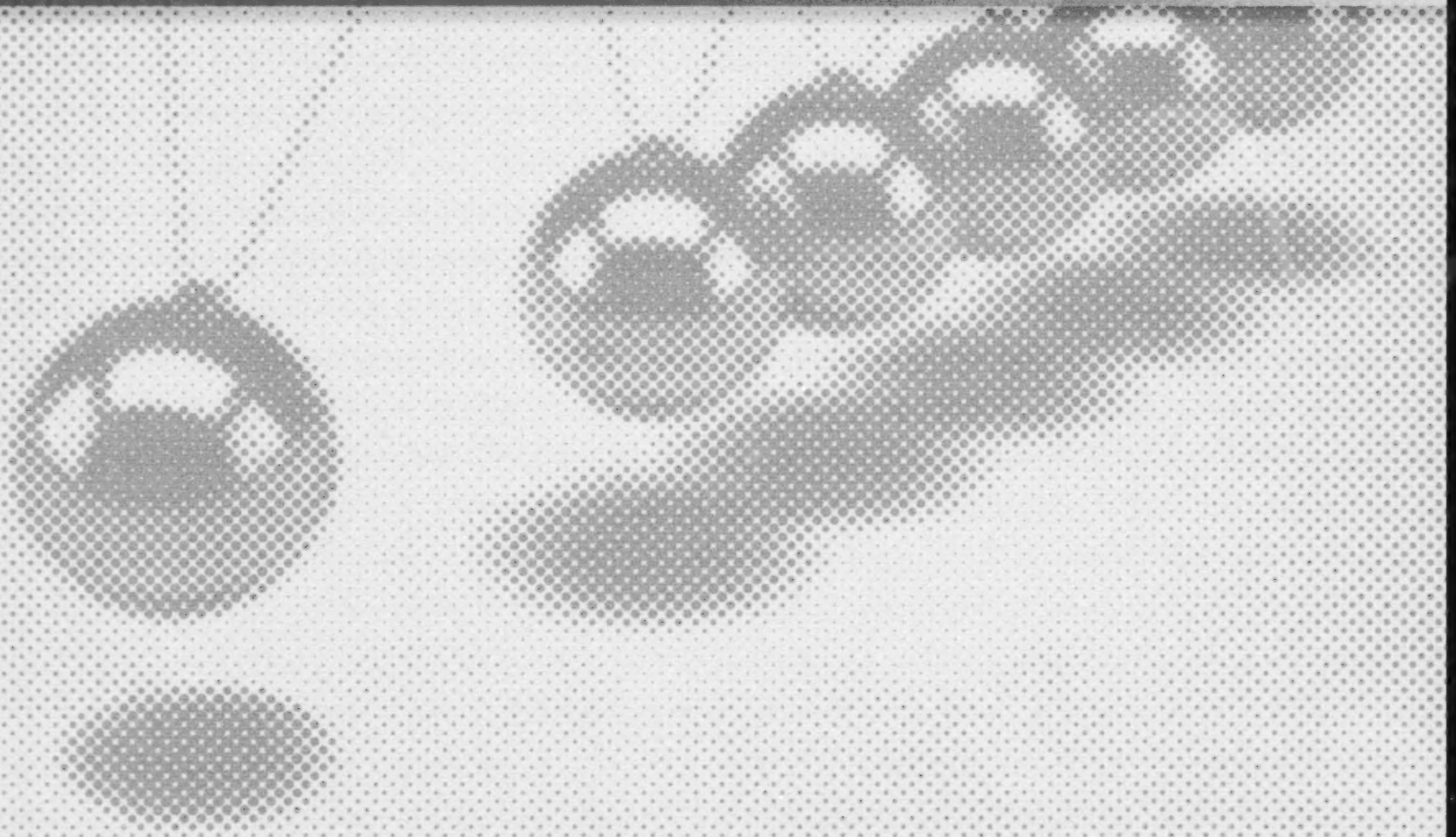
INTRODUCTION



BUILDING MOMENTUM

Commissioner's message

The financial marketplace continues to undergo accelerating change led by the forces of innovation, particularly through technology. This, in turn, drives the need for FCAC to be more proactive and agile in pursuing our core mission: protecting consumers of financial services. This approach is at the heart of our business strategy, on which we embarked in 2014-15, with great results.

A year of renewal and growth

The past 12 months have been a pivotal time of renewal and growth for the Agency. Of particular importance to me this year, my first full year as FCAC Commissioner, was to increase the Agency's resilience and position it for the future. To achieve this we created and began implementing a new long-term strategy, which prioritized the issues and actions we would address over the first years of my tenure.

By clearly articulating our aims, we establish ourselves as a credible and forward-thinking regulator, inspire the confidence and trust of our stakeholders, and ultimately position the organization to respond to the trends and challenges of Canada's financial sector.

Stakeholders have told us that we are on the right track. The results of a survey we recently commissioned show that the majority of our stakeholders are clear about FCAC's role and view us as a leader in the fields of market conduct supervision, financial literacy and consumer education. Furthermore, these positive impressions are connected to perceptions of growing openness and collaboration. We view this feedback as a significant achievement for us as a regulator.

Early intervention pays off

In 2014-15, we put greater emphasis on conducting proactive and transparent supervision of federally regulated financial entities (FRFEs). Early intervention averts surprises and unintended consequences, creating a regulatory culture that emphasizes openness and predictability, which all adds up to a "virtuous circle." When the organizations we regulate understand our regulatory approach, they are more likely to give early attention to consumer protection issues before major problems develop. By understanding our regulatory approach, financial institutions can implement compliance frameworks that are more effective in meeting legislative requirements.

We spent a lot of time meeting with the executive teams of the financial institutions we regulate to share our expectations and exchange information about compliance challenges. We met with the senior compliance staff at over 80 percent of the FRFEs—up from 30 percent the previous year—and hosted our first industry session with over 140 representatives from regulated entities to discuss FCAC's priorities and emerging industry issues. Further examples of our compliance-promotion activities are listed on page 19 of the Deputy Commissioner's report.

Our efforts are paying off. For example, I meet regularly with FRFE board members and CEOs and have watched compliance issues move from their peripheral vision to become front-and-centre concerns for discussion at board meetings.

Putting consumers first

These are encouraging trends. We expect the institutions we regulate to embed consumer impact and protection considerations into their product and service development frameworks. This encompasses everything from communicating with customers in ways that are clear, meaningful and not misleading, to establishing the right policies to direct the behaviour of the business.

By putting the customers' interests first, these institutions will not only strengthen their relationships with them and sustain their trust; they will also retain them. As Dr. K. C. Chakrabarty, former deputy governor of the Reserve Bank of India, once said, "Customer centricity will be a must for the regulators and the regulated entities alike in the wider interest of financial stability, an essential cornerstone of which is consumer protection." I concur.

Breaking new ground in financial literacy

Financial literacy is an important component of consumer protection. Financial literacy is about empowering consumers with financial knowledge, skills and confidence so they can enhance and protect their financial well-being. This is essential since many of today's financial products and services require a greater level of understanding by consumers than in the past.

Research that we sponsored last year, the Canadian Financial Capability Survey, underscores the importance of this cause. The results show there is great need among Canadians to improve financial literacy, to help them to understand what they are purchasing, to know what questions to ask, and to be informed of their financial rights and responsibilities.

FCAC has always been at the forefront of helping Canadians to build their know-how, not only in terms of financial topics, but also of their financial rights and responsibilities. This consumer education work complements our supervisory activities, which in large part focus on ensuring that financial institutions equip their customers with information that supports their financial decision making.

As on the supervision front, we work and engage with diverse stakeholders across the financial literacy spectrum to champion and support educational efforts country-wide. An exciting example of this approach is our groundbreaking initiative to develop Canada's first national strategy for financial literacy.

We began this work in 2014-15, following Jane Rooney's appointment as Financial Literacy Leader. With my guidance, Jane and her team consulted widely, engaging industry, education and community organizations from coast to coast to share their ideas on how to help Canadians to reach their financial goals. As a first step, we worked with stakeholders to launch a seniors' financial literacy strategy last fall, and will roll out the national strategy for all Canadians in 2015-16. More details of our financial literacy work are provided in Jane's report on page 23.

Consumer protection remains as vital as ever

Financial literacy and other matters related to consumer protection continue to evolve in parallel with changes in the Canadian financial marketplace. New technologies are constantly being developed and financial innovations are occurring faster than ever, resulting in a more complex and more interconnected financial sector.

While this adds significant complexity to the protection of consumers, it also makes it more vital than ever to their financial well-being. As regulator we stay ahead of these changes.

One of the ways we plan to accomplish this is through research. In 2014-15, we carried out research to diagnose evolving risks and challenges facing financial consumers in an accelerating world. In addition to the financial capability study mentioned above, we published research papers on international developments in mobile-payment regulation and the evolution of banking fees in Canada. At the international level, through the International Network on Financial Education (INFE) and the Financial Consumer Protection Network, FCAC is now contributing to a broader knowledge exchange, determining how other supervisory bodies respond to similar issues and advocating for effective supervisory approaches.

Shaping FCAC for the future

We cannot stand still as the environment around us changes. Regulators who adhere to conventional perspectives and approaches miss out on valuable opportunities. That is why we will continue to look for new, proactive ways of supervising our regulated entities in a dynamic and multi-faceted industry.

For example, while we are already active in monitoring FRFEs' compliance through on-site examinations, industry reviews, customer complaint monitoring and more, in March 2015, we announced that we would be introducing targeted reviews. Through these quick, specific and limited thematic reviews, we can rapidly produce reports, provide proactive guidance and pass on significant findings to policy-makers.

Last but not least, this past year we looked inward with a critical eye. We restructured parts of the organization to align our operating model with our strategic plan and to improve it. We benchmarked our regulatory practices against those of other regulators inside and outside Canada. At the same time, we invested in our people and in making FCAC a great place to work: we upgraded both our talent management practices and our compensation structure to ensure that we attract, retain and develop the very best people to meet the Agency's future needs. We also deployed a new employee-collaboration tool to foster greater teamwork and creativity across teams.

Looking forward

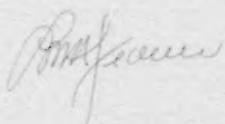
The 2014-15 year was the first in executing our three-year business plan. I am pleased with our progress in delivering against our priorities, and I commend my team for doing such great work. The following pages are filled with dozens of achievements that attest to their dedication.

While we have accomplished much, there is still a lot to be done. In the year ahead we will:

- strengthen our compliance framework and increase our transparency through greater engagement with stakeholders
- monitor and evaluate prevalent trends in the financial sector, including mobile payments and alternative lending
- implement the action plan in support of Canada's first national strategy for financial literacy.

In closing, I am proud of the integral role the Agency plays in enhancing consumer protection in Canada. We believe that this role, and the importance of consumer protection in general, will grow in significance in the coming years as the marketplace evolves and financial offerings continue to grow in complexity. We will continue to stand firmly on the side of consumers, ensuring their rights are protected and empowering them to make informed financial decisions that best meet their needs.

I am confident that we have embarked on a winning plan. By taking a strategic and proactive approach to consumer protection, we have oriented the Agency for success in the future. I look forward to building on our achievements so that we continue to grow as a regulator and deliver positive outcomes in the market for the benefit of all Canadians.



Lucie Tedesco
FCAC Commissioner

THE ORGANIZATION

FCAC plays a unique role in the Canadian economy. In our capacity as regulator, educator and partner, we help individuals and families navigate and succeed in the financial marketplace.

Our Mandate

We are a federal government agency that protects Canadian financial consumers. We closely supervise federally regulated financial entities (FRFEs), promote consumer rights and responsibilities, and develop and coordinate financial literacy initiatives. Our work continues to benefit millions of Canadians and helps to foster a more transparent, fair and secure financial services marketplace.

Our Vision

Helping the people of Canada strengthen their financial well-being.

Our Values

As federal government employees, we are guided by the values of **respect for democracy**, **respect for people**, **integrity**, **stewardship** and **excellence**.

Using these as a foundation, we are also guided by the values that allow us to successfully achieve our mandate:

Innovation

We foster a work environment that promotes teamwork, learning and innovation.

Strong Relationships

We work closely with our stakeholders in a spirit of openness, honesty and transparency to foster trust, engagement, and collaboration.

Excellence

We are committed and make every effort to be fair, timely, efficient and effective in the delivery of our policies, programs and services, and are committed to continuous improvement.

MORE ONLINE

+ Our mandate
+ Planning and accountability

FCAC FACTS 2014-15

672
Media Mentions

44,594
Visits to YouTube channel

1,503,524
Visits to website

1,134
Cases investigated for potential or actual compliance violations

70
Speeches and presentations delivered

9,531
Inquiries received

Conducted Stakeholder Survey

Conducted Canadian Financial Capability Survey

Twitter Reach
23,596,657

367
Entities regulated

46
News releases and announcements issued

10,203
Twitter followers as of March 31, 2015

952,528
Consumer publications distributed (electronic and print)

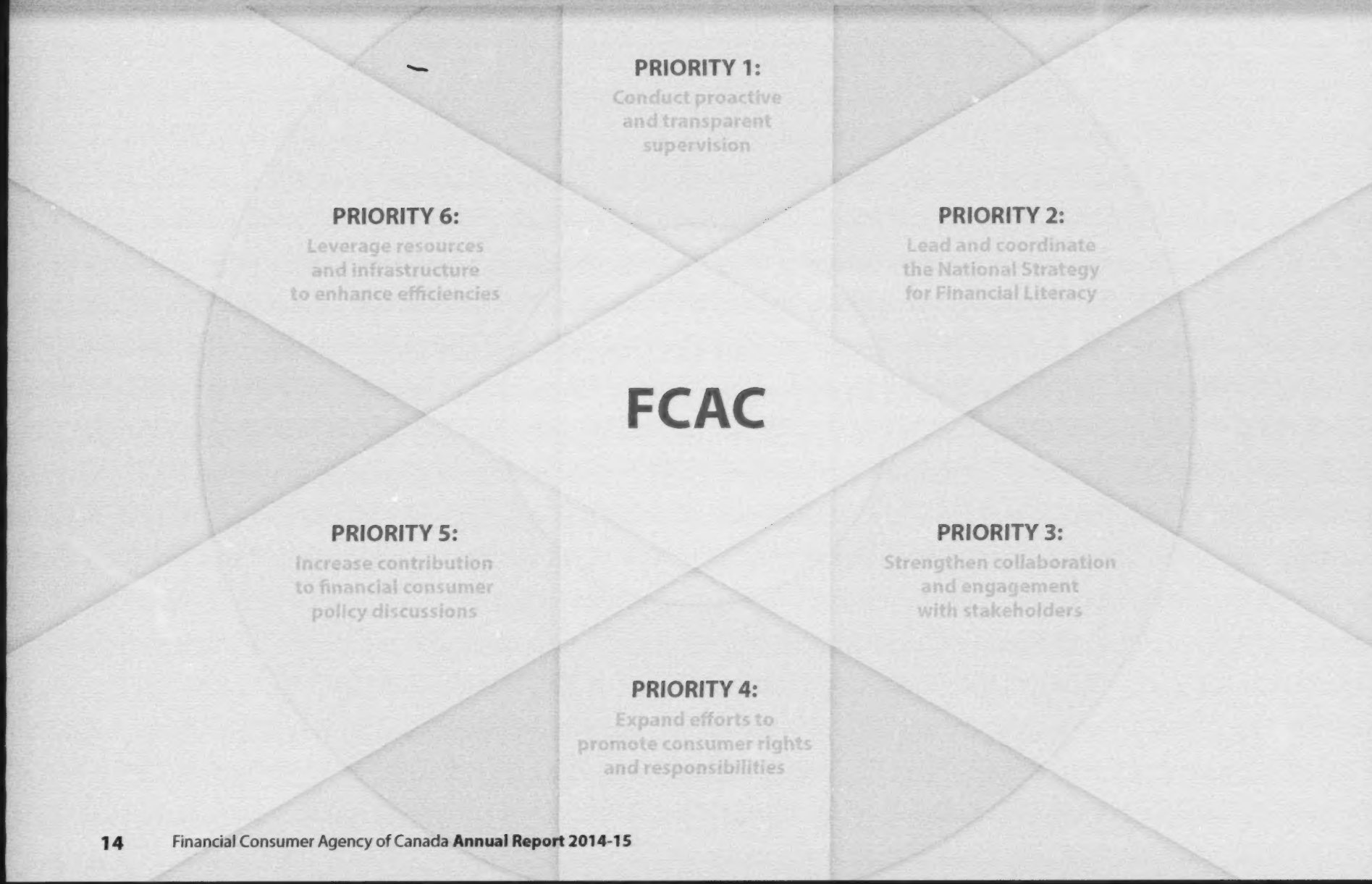
THE YEAR IN REVIEW

Highlights of our work and performance in 2014-15

PROGRESS ON OUR PRIORITIES

This section reports on the progress on our strategic priorities, as shown by key indicators

Strategic Priorities Scorecard


PRIORITY 1:
Conduct proactive and transparent supervision
PRIORITY 2:
Lead and coordinate the National Strategy for Financial Literacy
PRIORITY 3:
Strengthen collaboration and engagement with stakeholders
PRIORITY 4:
Expand efforts to promote consumer rights and responsibilities
PRIORITY 5:
Increase contribution to financial consumer policy discussions
PRIORITY 6:
Leverage resources and infrastructure to enhance efficiencies
FCAC

PRIORITY 1

Conduct proactive and transparent supervision

Through our supervisory activities, we ensure that FRFEs comply with their obligations so that Canadians can benefit from the protection framework put in place by the Government of Canada.

We continue to build a regulatory culture that is proactive and transparent, and thus more predictable. That means being open-minded and forward-thinking in our approaches, and being clear about our expectations of the financial entities we supervise.

THE YEAR IN COMPLIANCE AND ENFORCEMENT

Deputy Commissioner's Report

This past year, we made progress on important supervisory initiatives to strengthen financial consumer protection in Canada. We also made necessary investments in our corporate infrastructure, particularly in renewing our oversight model, to enhance FCAC's ability to discharge its mandate in a dynamic marketplace.

In 2014-15, FCAC delivered a number of notable achievements on the compliance and enforcement front, as measured against the supervisory priorities set out in our three-year strategic plan. These priorities include strengthening our collaboration and engagement with stakeholders, conducting proactive and transparent supervision of federally regulated financial entities (FRFEs), and increasing the Agency's contribution to financial consumer policy discussions.

We met those commitments in several ways:

- We proactively communicated the Agency's compliance and enforcement priorities, tools and approaches to our stakeholders. For example, we conducted our first-ever annual industry information session.
- We successfully implemented a new application process to recommend the approval of two new federally regulated external complaint bodies to the Minister of Finance.
- We engaged with all payment card network operators to successfully carry out our Commissioner's Guidance, which focused on addressing negative business practices and improving disclosure to Canadian merchants.
- We contributed to national and international discussions (e.g., FinPay, FinCoNet) to promote the Agency's views on financial consumer protection and market conduct practices.

This work produced positive outcomes. The overall level of compliance among FRFEs remained strong, and we identified no significant or systemic concerns; all compliance issues identified were addressed in an effective and timely manner. Overall, FCAC's collaborative and transparent approach to industry stakeholders has been very well received by the financial sector and will continue to guide our activities, thereby ensuring FRFEs are clear on their consumer protection obligations and what they can expect of us as a regulator.

We also looked inward and took stock of our organizational structure. In a dynamic and rapidly changing financial services environment, we need to ensure the Agency is optimally positioned to continue fulfilling its mandate and to meet any future new responsibilities.

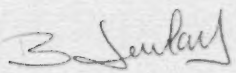
Following this review, we implemented a new organizational design, which further enhances our operating effectiveness and efficiencies and increases the level of cooperation and collaboration between FCAC's core programs and support functions. Overall, the new structure supports our supervision of federally regulated entities.

In particular, we refined our FRFE oversight model, separating FCAC's Compliance Branch into two distinct divisions:

- The **Supervision and Enforcement Division** will focus exclusively on conducting proactive and transparent supervision.
- The **Policy, Promotion and Research Division** will focus on increasing the Agency's contributions to policy discussions about financial consumer protection; promoting public awareness of consumers' rights and responsibilities; and strengthening collaboration with stakeholders to help the Agency be more proactive and consistent in identifying and addressing emerging risks to consumers.

We are confident this new structure will enhance FCAC's efforts to meet its strategic priorities and respond with agility to growing demands from Parliament and other stakeholders, thereby fulfilling the Agency's mandate.

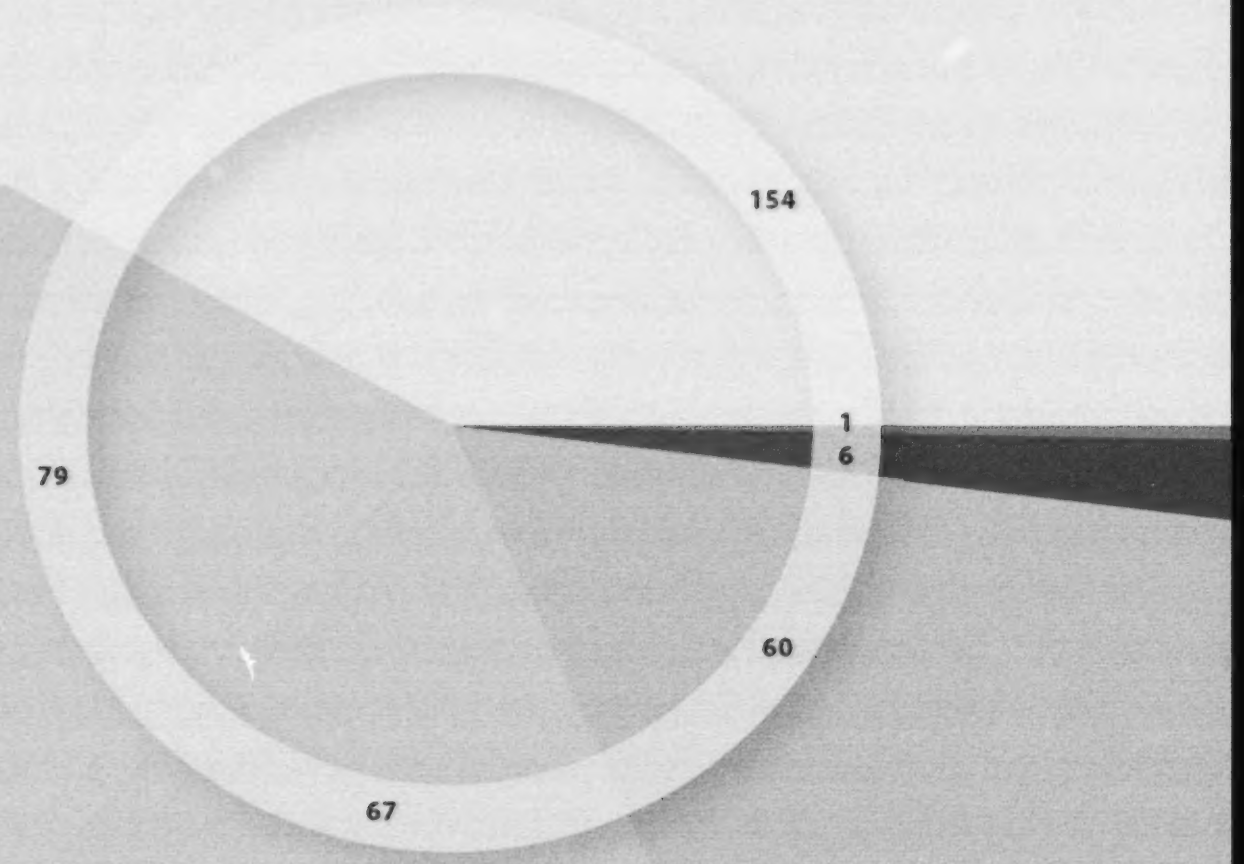
The next 12 months promise to be just as busy for the Compliance Branch as we keep pace with market and regulatory developments that bring about further change in the financial sector. I look forward to working with both the firms we regulate and the consumers we serve, as we continue evolving as a proactive, transparent and predictable regulator protecting Canadian financial consumers.



Brigitte Goulard
Deputy Commissioner

Our Objectives	What Was Delivered
Continue to monitor and investigate compliance with consumer protection provisions	• Investigated 1,134 cases and opened 628 files. • Entered into 27 action plans and 3 compliance agreements with FRFEs. • Resolved all issues without the need to issue violations by working with FRFEs. • Met or exceeded all internal performance standards and targets in handling compliance and enforcement matters.
Increase industry outreach	• Held first industry session (in Toronto) to discuss FCAC initiatives, plans and priorities, and topics of mutual interest. Over 140 industry participants attended. Feedback received was extremely positive. • Met with senior compliance staff of over 80% of FRFEs, up from 30% the previous year. Provided guidance on compliance challenges and identified consumer protection issues to help guide future FCAC work. • Participated in a forum for small FRFEs, which helped develop a better understanding of administrative and regulatory burden.
Strengthen and formalize existing consultation process	• Consulted with industry, associations and stakeholders to gather feedback on a proposed consultation framework for supervisory mandate (e.g., mobile payments). New framework will be shared in 2015-16.
Expand the aggregate reporting process for reportable complaints	• Launched a new aggregated reporting process that reduces the administrative burden on FCAC and FRFEs. The process allows for more focus on systemic issues posing the greatest risks to consumers.
Provide proactive and timely assistance on key and emerging compliance matters	• Held a number of educational sessions, including meetings and teleconferences with FRFEs, industry associations and policy officials on matters relating to: - Prepaid Payment Products Regulations - Commitment to Provide Information on Mortgage Security - Commitment on Powers of Attorney and Joint Bank Accounts - Commitment on the Expansion of Low-Cost and No-Cost Bank Accounts - Commissioner's Guidance on Internal Dispute Resolution (CG-12) • Held meetings and teleconferences with prospective external complaint bodies to help guide them through the application process and legislative and regulatory requirements. • Worked with small FRFEs to strengthen their understanding of complaint-handling requirements.

367 FRFEs regulated



As at March 31, 2015

- Property and casualty insurance companies
- Banks
- Life insurance companies
- Trust and loan companies
- Payment card network operators
- Retail associations

Supervisory Actions	2014-15
Compliance cases opened (new files)	628
Cases investigated for potential or actual compliance violations[1]	1,134
Number of violations	0
Compliance agreements entered into with regulated entities[2]	3
Action plans accepted from regulated entities[3]	27
Supervisory letters[4]	165
Examinations[5]	0

[1] Compliance violations are breaches of laws, regulations, voluntary codes or public commitments.

[2] A compliance agreement is a legislated compliance tool. It is a formal agreement between the FCAC Commissioner and senior management of a regulated entity, setting out detailed corrective measures that the entity must undertake to comply with the applicable consumer provisions within a specified time frame. A financial entity's failure to fully implement a compliance agreement may lead to enforcement action by FCAC. Compliance agreements and action plans are enforcement tools that can be used on their own or in conjunction with a notice of violation, depending on the severity of the issue related to a compliance case.

[3] FCAC's Compliance and Enforcement Branch may require a regulated entity to develop an action plan that provides information on the cause of non-compliance and the measures that the entity plans to undertake to correct the issue and prevent its recurrence. Compliance agreements and action plans are enforcement tools that can be used on their own or in conjunction with a notice of violation, depending on the severity of the issue related to a compliance case.

[4] Supervisory letters are an administrative compliance tool used to promote compliance. They are used to inform an FRFE of a possible breach of a legislative provision, voluntary code of conduct or public commitment or to raise an FRFE's awareness of a compliance issue. The Compliance Branch expects the FRFE will review the issue noted and assess the practice to ensure compliance and it will continue to monitor the issue to identify any trends that may develop. Supervisory letters are also considered in the Risk Assessment Model when establishing the risk level of an FRFE.

[5] An on-site examination is a formal compliance tool. It is a complete and thorough examination that is used when FCAC has identified a compliance deficiency within an FRFE.

PRIORITY 2

Lead and Coordinate the National Strategy for Financial Literacy

As the federal government's leader in financial literacy, FCAC is responsible for leading and coordinating a national strategy to help Canadians increase their financial knowledge, skills and confidence at every stage of their lives.

The National Strategy aims to mobilize and engage the public, private and non-profit sectors to strengthen the financial literacy of Canadians and empower them to:

- Manage money and debt wisely.
- Plan and save for the future.
- Prevent and protect themselves against fraud and financial abuse.

A MILESTONE YEAR FOR FINANCIAL LITERACY ACTION

Financial Literacy Leader's Report

From engaging with Canadians to shape a national financial literacy strategy, to collaborating with stakeholders in the most successful Financial Literacy Month so far, the past year marked a milestone in the promotion of financial literacy in Canada.

I am a passionate believer in the power of financial literacy. It has become as important for Canadians as basic literacy and numeracy. FCAC is dedicated to helping Canadians gain the knowledge, skills and confidence they need to make good financial decisions and improve their financial well-being.

Laying the groundwork for a national financial literacy strategy was a top priority during the first year of my mandate as Financial Literacy Leader. My team and I undertook extensive information gathering to build a better understanding of the issues, the people and the players active in financial literacy. For example:

- We held three rounds of public consultations in which we crossed the nation to talk with citizens and nearly 500 stakeholders, representing everyone from youth to seniors, Aboriginal communities to newcomers, low-income earners to persons with disabilities.
- We worked closely with members of our National Steering Committee on Financial Literacy, all of them experts in financial literacy. They provided invaluable advice and support.
- For the second time we conducted the Canadian Financial Capability Survey, the largest study of its kind in the country, to delve deeper into the financial literacy needs of different groups of Canadians.

We gained insights into the challenges and ideas for solutions. An early milestone was the launch of a senior's strategy called *Strengthening Seniors' Financial Literacy*. It was published in October 2014. The national financial literacy strategy for all Canadians will be released in June 2015; it will be the focus of our work in the coming years.

Aside from this important strategy work, we were active in many other ways to promote financial savvy to Canadians, from visiting schools to talk to kids about money, to posting money tips on our social media platforms, to launching a series of e-learning videos. Additionally, we developed a framework to help organizations across the country evaluate the effectiveness of their financial literacy initiatives.

An unstoppable movement

Strengthening financial literacy is neither a simple nor short-term undertaking. After all, over the last two decades we have seen trends toward lower savings, higher debt and greater complexity of financial products. But change is making itself felt across the country. There has been a groundswell of action growing around financial literacy:

- We saw this in November 2014 during our most successful Financial Literacy Month so far, with over 1,200 events and participation from all sectors of the Canadian economy.
- We saw this in the exceptional enthusiasm and support displayed at the National Conference on Financial Literacy in Vancouver last fall, which brought together 300 delegates from across the country.
- And, we saw this in the great response from Canadians and organizations to our call for input in creating the national strategy.

Almost every day, we also receive requests from different sectors asking for the Agency's input and participation in an increasing range of financial literacy activities. In my first year, I delivered speeches at nearly 50 events across Canada and gave 35 media interviews.

Non-profit organizations have always had a strong presence in the financial literacy area, and now government and the corporate sector are expanding and better coordinating their efforts. Existing financial literacy networks are gaining strength, and new alliances are coming into being. We are inspired by the work people are doing, from the grassroots level to the executive boardrooms, to help and support their fellow citizens. With every new advocate and partner, our movement strengthens.

National teamwork is crucial

We are thrilled that more and more organizations want to get involved, team up and support us in our efforts to raise awareness of the value of financial literacy and the positive impact it can have in people's lives. Strengthening financial literacy is a shared responsibility, and collaboration is one of the keys to progress.

We need to work together, by pooling resources, sharing best practices and coordinating initiatives for the benefit of Canadians. The Canadian Financial Literacy Database, launched in 2014, is a good example of that. It is FCAC's largest collaborative initiative. Not only does it currently list over 900 resources and events useful to consumers and stakeholders alike, but it is also a great networking tool, helping like-minded organizations to connect and build partnerships.

Our National Steering Committee is another model of collaboration, and we want to thank members for generously sharing their time and wise counsel over the past year. Members are:

- **Camille Beaudoin**, Autorité des marchés financiers
- **Leslie Byrnes**, Canadian Life & Health Insurance Association
- **Laurie Campbell**, Credit Canada Debt Solutions
- **Terry Campbell**, Canadian Bankers Association
- **Shelley Clayton**, University of New Brunswick Financial Aid Office
- **Mary Condon**, Ontario Securities Commission
- **Pat Foran**, CTV News
- **Suzanne Gendron**, Mouvement Desjardins
- **Terry Goodtrack**, Aboriginal Financial Officers Association of Canada
- **Kelley Keehn**, Financial author
- **Cary List**, Financial Planning Standards Council
- **Elizabeth Mulholland**, Prosper Canada
- **Andrew Nicholson**, Financial and Consumer Services Commission of New Brunswick
- **Gary Rabbior**, Canadian Foundation for Economic Education
- **Cairine Wilson**, Chartered Professional Accountants of Canada

Looking forward

The next year promises to be even busier as we launch, and put into action, Canada's national strategy for financial literacy. We will lead the implementation effort in collaboration with the National Steering Committee and the many organizations that support financial literacy. We look forward also to the fifth anniversary of Financial Literacy Month in Canada, and launching new initiatives to help consumers better their money management know-how.

Our collective effort to build financial literacy matters to Canadians, and it's vitally important. We encourage all Canadians to contribute to the momentum that's building around financial literacy. Let's make this an unstoppable movement to improve financial health in Canada.

Jane Rooney
Canada's Financial Literacy Leader, FCAC

Our Objectives	What Was Delivered
Develop a National Strategy for Financial Literacy, with the assistance and collaboration of stakeholders	• Formed a National Steering Committee on Financial Literacy to provide advice on the development and implementation of the strategy. Held three meetings in Vancouver and Toronto. • Conducted three phases of public consultations across the country. Hosted 185 organizations and heard from 431 participants, producing 198 submissions. • Commissioned research firm to conduct environmental scan and in-depth interviews with subject matter experts and organizations on representing seniors, their financial literacy needs and challenges. • Launched the National Strategy for Seniors. • Developed the National Strategy for Financial Literacy for launch in fiscal 2015-16.
Measure the financial literacy of Canadians	• Conducted the second Canadian Financial Capability Survey (CFCS), gathering information about the financial behaviours and attitudes of over 6,600 Canadians. • Analyzed survey results to determine opportunities, challenges and areas/groups needing special focus.
Create a national financial literacy Web portal	• Built, launched and promoted the Canadian Financial Literacy Database (for details, see feature).
Establish best practices to evaluate financial literacy initiatives	• Developed and published a Standardized Financial Literacy Evaluation Framework. It provides organizations across Canada with a step-by-step process to evaluate financial literacy courses, workshops, seminars and other learning programs. The framework will also help guide the development of evaluation tools for organizations across Canada.
Promote and expand FCAC's current financial literacy resources	• Created a new life event entitled Living with a Disability and updated the Living in Retirement life event. • Continued to maintain and support the Agency's three financial literacy programs for youth and adults (The City: A Financial Life Skills Resource; Financial Basics; and Your Financial Toolkit). Registered 756 new active teachers and 11,401 new active students in these programs.

FEATURE

A central gateway for financial literacy

In November 2014, FCAC launched the Canadian Financial Literacy Database in response to a recommendation made by Canada's Task Force on Financial Literacy. Housed on FCAC's website, the database is a one-stop resource for Canadians. Using it, consumers can easily find resources, *events, interactive tools and information offered by financial education providers in the public,* private and not-for-profit sectors across Canada. The database is also a networking tool, enabling *like-minded organizations to connect and build partnerships.*

At the same time, FCAC also launched a self-assessment quiz that Canadians can use to evaluate *their financial literacy and see how they compare to others in five domains of financial capability.*

Promotional campaign

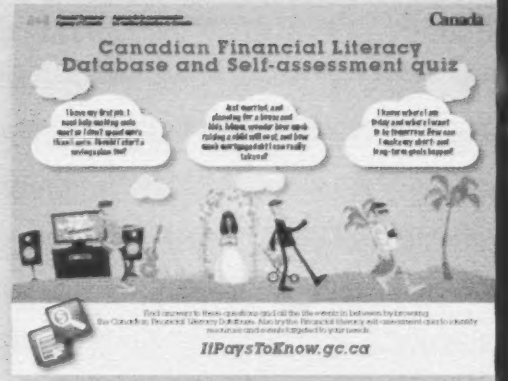
FCAC produced marketing materials to promote the database and quiz, including the following:

- A 30-second video, *Don't Let Your Finances Surprise You*, which ran on various national and local websites. The successful campaign generated over 13.5 million views online and 312,000 click-throughs to FCAC's website.
- An engaging online instructional video that gives guidance on using the database and taking the quiz.
- A promotional material toolkit for partners and stakeholders to use in their marketing and communications. It consists of key messages, Web banners, posters and frequently asked questions.
- An employer toolkit, mailed to over 60,000 businesses across Canada, emphasizing the value of financial education in the workplace.

Response to date

In the first five months after launch: Over 90 organizations included 2,200+ resources and events in the database; consumers and stakeholders made 134,613 unique visits to the database; and 3,600 consumers tried the quiz. Stakeholders and consumers offered suggestions on how to improve the database and user experience. We will incorporate these in the 2015-16 fiscal year.

Don't Let Your Finances Surprise You! FCAC created a fun, animated online video to promote the new Canadian Financial Literacy Database. Watch the video.



This poster is one of the promotional materials prepared by FCAC for use by organizations to help spread the word about the new database and quiz. View the promotional material toolkit.

PRIORITY 3

Strengthen collaboration and engagement with stakeholders

Working closely with our stakeholders in a spirit of openness, honesty and transparency is core to our values. We believe strong engagement and trusted relationships will enable us to achieve richer outcomes and create greater benefits for more Canadians.

Our Objectives	What Was Delivered
Continue to bring stakeholders together to share knowledge, collaborate and build relationships	• Hosted the fourth National Conference on Financial Literacy in Vancouver, B.C. Close to 300 delegates attended, and 94% rated the conference very good to excellent. • Led the fourth annual Financial Literacy Month in November 2014. The campaign was the most successful to date: - 1,265 events were held by organizations, up from 443 the previous year. - For the first time ever, an event was offered in every province/territory, on every day of the month.
Develop an outreach plan for the Commissioner	• The Commissioner participated in over 20 meetings with financial institutions and their senior leadership teams. • The Commissioner met with several Members of Parliament (MPs) to raise awareness of the Agency's mandate and the resources it makes available to Canadians.
Increase the Financial Literacy Leader's outreach activities	• The Financial Literacy Leader presented at 48 events and met with 138 organizations, in addition to consulting with 198 stakeholders during the consultations for the development of the National Strategy for Financial Literacy. • Developed an outreach plan for the Financial Literacy Leader, which included meeting with 495 stakeholders from the not-for-profit, public and private sectors.
Continue to raise awareness of FCAC and its resources with consumers and stakeholders	• Participated in four trade shows aimed at seniors. • Participated in the Canadian Housing and Renewal Association's national conference in Edmonton. • Offered FCAC tools and content to a wide range of partners. • Developed a plan to raise awareness of the Agency's mandate and educational resources on retirement and mortgage related topics.
Assess stakeholder perceptions	• Conducted a survey of FCAC stakeholders (for details, see feature).

FEATURE

Stakeholder survey

To support FCAC's strategic priority of strengthening collaboration and engagement with stakeholders, we commissioned Harris/Decima to conduct a survey of the Agency's compliance and financial literacy stakeholders. The aim was to gain insights and feedback in terms of awareness, and impressions of FCAC programs and activities, and satisfaction with them. The survey also sought input on ways we could improve the agency.

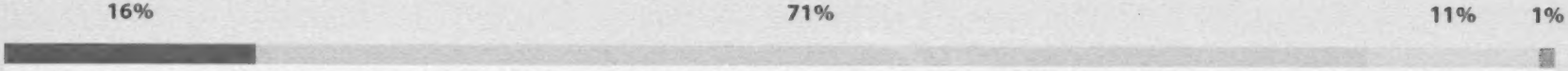
A total of 180 FCAC stakeholders completed an online questionnaire. From that group, 99 stakeholders were then selected for in-depth telephone interviews. The findings included the following:

- FCAC is well regarded by the vast majority of its stakeholders. Most view FCAC as a leader in the fields of compliance, financial literacy and consumer education.
- FCAC is considered to be stakeholder-focused.
- Stakeholders' impression of FCAC has improved significantly since the last survey, due to greater openness and collaboration.
- Stakeholders also indicated being very familliar with FCAC's supervisory model.

FEATURE

Supervisory model is effective

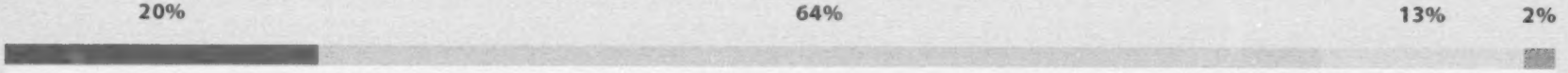
Effectiveness of supervisory model (Compliance)



QB2: How would you rate the effectiveness of the FCAC's supervisory model?

Our role is clearly defined within the industry

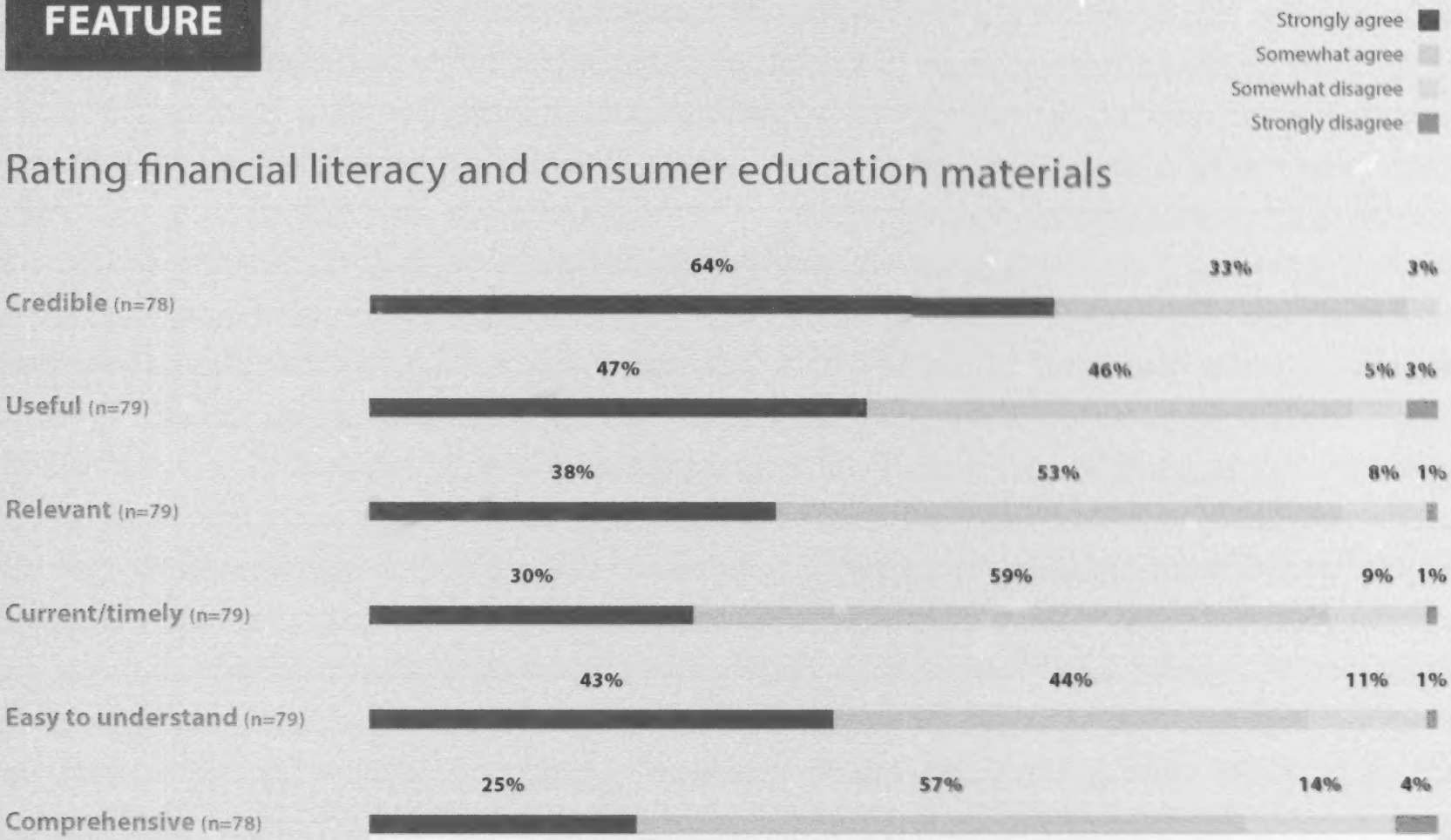
Performance—clear understanding of FCAC's role/stakeholder responsibility



QG1: How would you rate FCAC on providing your organization with a clear understanding of FCAC's role and your own responsibilities in terms of consumer protection?

FEATURE

Rating financial literacy and consumer education materials



QD3: Thinking about FCAC's financial literacy and consumer education materials, to what extent would you agree or disagree with each of the following? FCAC's financial literacy and consumer education materials are...

PRIORITY 4

Expand efforts to promote consumer rights and responsibilities

As the federal supervisor charged with protecting financial consumers, we continue to look for opportunities to help them understand their rights AND their responsibilities, as they relate to financial services and products. We believe that informed consumers are better able to make decisions that meet their individual needs and more actively participate in the marketplace.

This not only strengthens competition but helps consumers enjoy the social and economic benefits of participating in a fair and secure Canadian financial marketplace.

Our Objectives	What Was Delivered
Continue to enhance and expand online resources for consumers	• Upgraded Account Selector Tool based on feedback received from users and as a result of the public commitment made by major Canadian banks to offer low-cost and no-cost accounts. • Published timely and objective information about consumers' rights resulting from: - new commitments related to joint bank accounts, low-cost accounts, mortgage security and powers of attorney - new regulations on prepaid cards and pooled registered pension plans.
Promote consumer rights and responsibilities	• Posted tips, videos and links to resources on the Agency's social media platforms. • Developed a strategy and action plan to increase citizenship engagement. The implementation of this action plan has commenced and will carry through to 2015-16 and beyond.
Assess the impact of marketplace developments on Canadian financial consumers	• Completed and published *Banking Fees in Canada: Patterns and Trends*. The report examined the fees charged by financial institutions on retail chequing accounts over the previous 10 years.

PRIORITY 5

Increase contribution to financial consumer policy discussions

Whether through the research we conduct, the compliance data we collect or the daily exchanges we have with Canadians, we are well positioned to inform policy discussions on matters of consumer protection and financial education.

Our Objectives	What Was Delivered
Contribute to policy development in Canada	• Contributed to government policy discussions in the area of financial consumer protection, provided data and conducted research on financial consumer issues. • Contributed to discussions on updates to the Code of Conduct for the Credit and Debit Card Industry.
Carry out relevant industry research	• Published research report entitled *International Review: Mobile Payments and Consumer Protection*, which identified global developments in the regulation of mobile payments from a consumer protection perspective.
Participate in international policy discussions	• Actively participated in discussions with the International Financial Consumer Protection Organization (FinCoNet) and the International Financial Education Network (INFE) to share knowledge and best practices. • Maintained ongoing dialogue with regulators in other countries, including the U.S. and the U.K. Shared market intelligence and learned how these supervisory bodies are responding to common issues.

PRIORITY 6

Leverage resources and infrastructure to enhance efficiencies

Improving the way we work requires continuous effort. Having the right people, processes, technology and infrastructure in place enables us to more easily respond to an ever evolving regulatory environment and financial marketplace.

Our Objectives	What Was Delivered
Strengthen human resources practices	• Reviewed the Agency's human resources policies and practices. The review included consultations with employees and a benchmarking exercise against best practices. • Developed and launched a People Management Framework to calibrate and improve the Agency's human resources practices. • Renewed FCAC's total compensation framework to help ensure the Agency continues to recruit and retain a skilled workforce.
Improve team communication and knowledge sharing	• Deployed a new digital collaboration tool that empowers employees to easily engage in online conversations, share ideas and feedback on team projects.
Enhance financial management	• Implemented an enterprise resource management system (SAP).

THE NUMBERS

A CLOSER LOOK AT THE NUMBERS THAT DEFINE OUR WORK AND PERFORMANCE

Program Alignment Architecture

The following diagram illustrates FCAC's framework of programs and sub-programs in 2014-15.

Government of Canada – Outcome Area

A fair and secure marketplace

Financial Consumer Agency of Canada

Strategic Outcome:
The rights of financial consumers are protected and the financial literacy of Canadians is strengthened.

Program 1: Compliance Supervision and Enforcement	**Program 2:** Financial Literacy Program	**Internal Services**

ANALYSIS OF COMPLAINTS

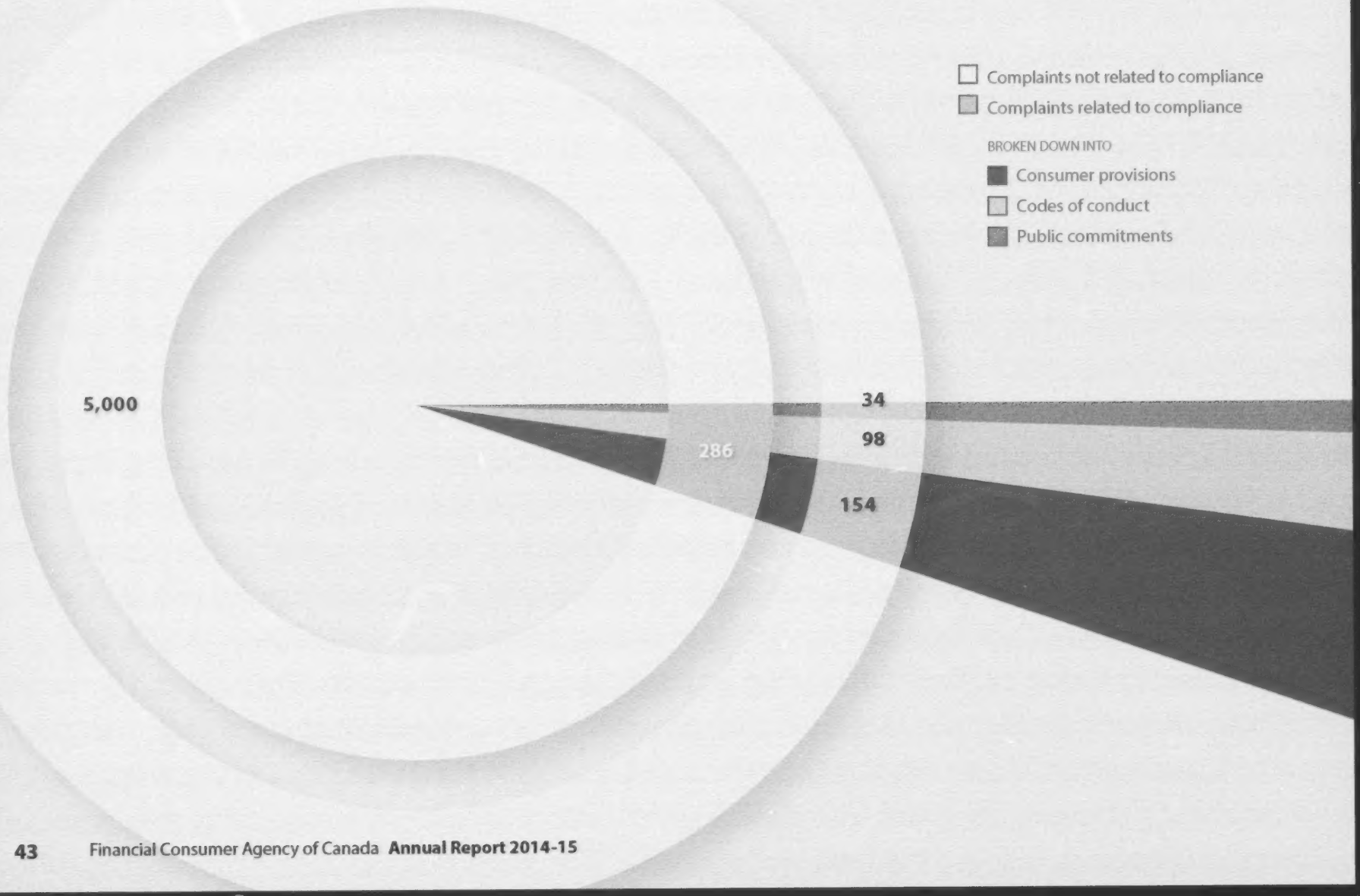
Complaint Handling

Federally regulated financial entities (FRFEs) have protection obligations to consumers, ranging from account opening requirements to information they must disclose. At FCAC, we investigate complaints that relate to possible violations of these legal obligations. When there is a breach of the law, code of conduct or public commitment, we take action to ensure compliance by the FRFE.

All banks, retail associations and federal trust, loan and insurance companies must, by law, have a complaint-handling process for consumers. Part of FCAC's role is to ensure that these institutions have such a process in place.

Step 1:	Step 2:	Step 3:
Local level Consumers should try to resolve the problem directly with the manager or customer service representative of their financial institution.	**Senior level or internal ombudsman** If necessary, a complaint may be referred to a senior staff member.	**Third-party review** If dissatisfied with steps 1 and 2, the consumer can have the complaint reviewed by a third party or an external complaints body. **Provincial regulator** Depending on the type of financial institution, a consumer may also contact a provincial regulator. **FCAC** Consumers may contact FCAC if they think their complaint involves a possible violation of a consumer protection law, a public commitment or a code of conduct.

Complaints Related to Compliance



ANALYSIS BY PROGRAM

Program 1: Compliance supervision and enforcement

Description

The Compliance Supervision and Enforcement program seeks to ensure compliance by FRFEs with the federal consumer provisions applicable to them. The program also seeks to promote FRFEs' adherence to the various codes of conduct and public commitments put in place by the industry to further protect customers.

FRFE = federally regulated financial entity

2014-15 Financial Resources ($ millions)		2014-15 Human Resources (FTEs)	
Planned Spending	Actual Spending	Planned	Actual
3.46	3.01	23.4	24.9

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
FRFEs comply with requirements set out in legislation, regulations, their voluntary codes of conduct and public commitments	Potential areas of FRFE non-compliance are identified, investigated and resolved promptly through the effective use of compliance tools	Formal and/or informal compliance tools (as set out in the Compliance Framework 11) are applied to all identified compliance issues	Met	100% of compliance tools applied to all identified compliance issues.
		Corrective actions undertaken by FRFEs in relation to compliance actions are all reviewed by FCAC within 90 days of receiving FRFE report	Met	100% of the corrections of compliance deficiencies were reviewed within 90 days of due date.
		Investigations of potential non-compliance with the consumer provisions are all completed within the legislated two-year time frame	Met	All investigations were completed within two years.

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
Agency is proactive and transparent in monitoring activities within the federal financial services industry	Industry stakeholders are aware of the nature, reason and outcome of FCAC monitoring activities	The nature of supervisory activities, the process followed to carry them out and the outcomes of the activities are communicated to industry and other stakeholders as per established time frames (Target: time frames met 85% of the time)	Exceeded	• 99.1% of complaints were triaged within 5 business days of receipt. • 90% of compliance concerns identified in compliance cases were raised with FRFEs within 30 business days. • 100% of introduction letters were sent to three new FRFEs within 60 days of receipt of the Order to Commence. • 94.5% of informal enforcement actions were prepared and submitted to the FRFE within 180 days of identifying the potential non-compliance.
		Feedback from industry stakeholders supports the view that the Agency is proactive and transparent in how it monitors the federal financial services industry. Benchmarks will be established by March 31, 2015	Met	• Feedback from industry stakeholders demonstrates that 85% of them believe the Agency effectively communicates its actions to the industry and more than 80% believe FCAC's compliance process is fair and transparent. In order to have a proactive and transparent monitoring strategy, we need to ensure clear communication of our expectation, and guidance is provided to all industry stakeholders. The same feedback concludes that approximately 75% of these stakeholders provided positive ratings to our monitoring approach. These results are now the Agency's established benchmarks.

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
FRFEs implement all relevant consumer protection requirements to the benefit of financial consumers in Canada	A strong supervisory relationship with the FRFEs is maintained	FRFEs are informed of existing, amended or new requirements that they must meet through direct communication and/or via FCAC's website as per internal service standards	Met	• FRFEs were informed of the new *Prepaid Payment Products Regulations* within 10 days of their coming into force. • FRFEs were also informed of two new public commitments: the Commitment to Provide Information on Mortgage Security, and the Commitment on Powers of Attorney and Joint Deposit Accounts. • In addition, communication was provided about the enhanced version of the voluntary Commitment on the Expansion of Low-cost and No-Cost Bank Accounts.
		Outreach activities that involve at least 10% of FRFEs (e.g., participation in conferences, meetings, workshops, webinars) are undertaken	Exceeded	Outreach activities involved 80% of FRFEs in 2014-15.

Program 2: Financial literacy

Description

The Financial Literacy program seeks to enhance consumers' knowledge of their responsibilities and FRFEs' obligations, and to enhance the financial knowledge, skills and confidence of Canadians.

2014-15 Financial Resources ($ millions)		2014-15 Human Resources – Full-time Equivalents (FTEs)	
Planned Spending	Actual Spending	Planned	Actual
9.22	9.12	41.5	41.7

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
FCAC's consumer information is useful, easy to understand, and presented in clear language	Consumer satisfaction related to the usefulness and ease of understanding of FCAC's information (online feedback forms and call centre input)	Average satisfaction of 3.5 out of 5	Exceeded	4.4 satisfaction rating
Awareness and use of FCAC's website, including the Financial Literacy Web portal, by consumers and organizations	Number of consumers using FCAC's online information	Web visits increase by 10% year over year	Not met	Web visits increased 1.7% year over year.
	Use of Financial Literacy Web portal and resources by consumers and organizations	Targets for Web portal visits will be set once benchmarks are established	Met	The benchmarks were established by taking the available data and extrapolating for the year. A target was set that includes a 5% year over year increase in Web visits to the new Canadian Financial Literacy Database (CFLD).
		Average satisfaction of 3.5 out of 5 related to the Web portal for both consumers and organizations	Not met	• 3.0 satisfaction rating. • Following the launch of the Canadian Financial Literacy Database, we conducted public opinion research on the database and will make appropriate modifications to address the satisfaction rating.

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
Outreach activities aimed at vulnerable populations such as seniors are increased	Number of outreach initiatives is increased	Noted increase in the number of outreach initiatives Benchmark will be established by March 31, 2015	Met	• Made presentations at 48 events that involved vulnerable populations. Also engaged directly with 138 organizations (key industry representatives and consumer/merchant groups). • Benchmarks have been established for 2015-16.
Coordination and collaboration with stakeholders are increased	National Strategy for Financial Literacy is finalized and implemented with stakeholders	Consultation is undertaken with stakeholders on the goals and objectives of the National Strategy for Financial Literacy and reports are completed	Met	• Three phases of consultations were held around the country and online, helping to ensure that the strategy will meet the financial literacy needs of all Canadians. • In total, FCAC received 90 online submissions, and 116 participants (from 108 organizations) presented comments at in-person sessions in Ottawa, Halifax, Québec City, Calgary and Victoria. Here is a breakdown: - **Phase I** Topic: seniors Submissions received: 43 Participants: 63 - **Phase II** Topic: priority groups (low-income, newcomers, Aboriginal Canadians, persons with disabilities) Submissions received: 23 Participants: 19 - **Phase III** Topic: youth and adults Submissions received: 24 Participants: 26 • In addition, as part of Phase III, all 273 participants in FCAC's National Conference on Financial Literacy took part in roundtable consultations during the event.

Expected Results	Performance Indicators	Targets/Deliverables	Performance Status	Performance Summary
		Action plan for implementing the National Strategy for Financial Literacy is finalized	Not met	• The national strategy will be published in June 2015 and work will continue on its implementation.
		Action plan for the National Strategy for Financial Literacy is implemented and monitored	Not met	• The national strategy will be published in June 2015 and work will continue on its implementation.
	Web portal is developed and resource database is populated by stakeholders	Number of organizations represented on the Financial Literacy Web portal	Met	Launched the Canadian Financial Literacy Database in November 2014. In its first five months of operation, 91 organizations created accounts and posted over 2,200 resources and events.
The level of financial literacy of Canadians is measured and reported on an ongoing basis	Canadian financial literacy is measured every five years	The Canadian Financial Capability Survey is fielded and results compiled; results will include those related to seniors and other vulnerable populations	Met	Fielded survey and compiled results.
	A standard evaluation framework is developed	Evaluation framework is available	Met	Developed evaluation framework and published it on FCAC website.

Internal services

Description

Internal Services consists of groups of related activities and resources that are administered to support the needs of programs and the other corporate obligations of the Agency. The groups of activities are human resource management services, financial management services, information management services, information technology services, real property services, materiel services and acquisition services.

2014-15 Financial Resources ($ millions)		2014-15 Human Resources (FTEs)	
Planned Spending	Actual Spending	Planned	Actual
4.84	5.05	19.1	17.8

SHRINKING OUR ENVIRONMENTAL FOOTPRINT

Green government operations

Although FCAC is not subject to the Federal Sustainable Development Strategy, we voluntarily contribute to the following two targets set out in the Greening Government Operations section of the Strategy:

a) Surplus electronic and electrical equipment

By March 31, 2015, the Agency reused or recycled all surplus electronic and electrical equipment (EEE) in an environmentally sound and secure manner.

Performance Measure	Target 2014-15	Actual Results 2014-15
Total number of departmental locations with EEE implementation plan fully implemented, expressed as a percentage of all locations, by the end of any given fiscal year	100%	100%

Current status/comments:

- FCAC currently follows the Government of Canada policies, directives and guidelines for the disposal of all surplus electronic and electrical materiel. The surplus was reused through the available programs (e.g., Computers for Schools, Crown Asset Distribution, etc.).
- FCAC has only one departmental location.

b) Printing unit reduction

By March 31, 2015, the Agency achieved an 11:1 average ratio of office employees to printing units throughout its organization.

Performance Measure	Target 2014-15	Actual Results 2014-15
Ratio of departmental employees to printing units at the end of the given fiscal year, where building occupancy levels, security considerations and space configuration allow	8:1	11:1

Current status/comments:

- A printing unit is defined as a desktop printer or network printer/multifunctional device (printer, fax or scanner).
- The term "office employees" includes indeterminate, determinate, term, casual and student employees who are employed on a full-time or part-time basis. It also includes temporary administrative help hired through employment agencies.

Green procurement

Area of Performance	Performance Measure	Target	Performance Summary
Use of green consolidated procurement instruments for goods and services	Commercial publication and flat prints	100%	100%
	Office furniture	100%	100% General-purpose automatic data-processing equipment (including firmware), software, supplies and support equipment were also all (100%) procured with the use of green consolidated procurement instruments.

FINANCIALS

FINANCIAL HIGHLIGHTS

2014-2015

The Financial Consumer Agency of Canada (FCAC) is a federal government agency that recovers its costs mainly through asset-based, premium-based or transaction-based assessments levied on the financial entities it supervises.

In addition to its revenues from asset-based, premium-based or transaction-based assessments on the financial entities it supervises, FCAC received its annual statutory appropriation of $5,000,000 to support, collaborate and coordinate its activities and efforts with stakeholders to improve and strengthen the financial literacy of Canadians, as presented in the Statement of Operations under Government Funding. FCAC is entitled to receive parliamentary appropriations as authorized under section 13(3) of the *Financial Consumer Agency of Canada Act*.

FCAC's total expenses for fiscal year 2014-15 were $17,177,500, an increase of $2,990,500 or 21.07 percent from fiscal year 2013-14. This increase is mainly the result of higher professional services and human resources costs related to FCAC's collaboration and coordination activities with stakeholders to improve and strengthen the financial literacy of Canadians. These higher costs were funded with the additional $3,000,000 in government statutory appropriations that are now part of the $5,000,000 annual statutory appropriation. The amount of $3,000,000 was granted but only partially used in 2013-14 ($171,300). Except for a very small portion, it was fully utilized in 2014-15.

Professional services expenses increased by $2,059,300 or 95.98 percent in fiscal year 2014-15 when compared to the prior year. Most of this increase ($1,060,000) was for costs related to the Canadian Financial Capability Survey, which the FCAC undertakes every five years to collect information on Canadians' financial circumstances, behaviours, knowledge, perceptions and skills. The survey has provided empirical evidence for the development of the national strategy for financial literacy.

Professional services were also retained for a number of special projects, including the review of website information in preparation for canada.gc.ca, the development of a communication and outreach strategy, and speech writing services for the Financial Literacy Leader and the Commissioner.

The increase in human resources costs of $936,400 or 10.20 percent is due to the staffing of vacant and new positions primarily in the new office of the Financial Literacy Leader, and the planned growth in employees' compensation in accordance with terms and conditions of employment.

Travel expenses were also up by $257,600 due to the consultations carried out by the Financial Literacy Leader on the national strategy for financial literacy, and by the Commissioner for her outreach plan to engage stakeholders and partners in building momentum for the achievement of FCAC's priorities. FCAC also held its fourth Financial Literacy Conference in November 2014. Travel expenses include the costs incurred by some National Steering Committee members to attend quarterly meetings.

The increases were somewhat offset by a reduction in information technology (IT) expenses of $196,700 and in accommodation expenses of $122,200. During the fiscal year 2014-15, the Agency was able to reap benefits from costs incurred in 2013-14 for its Web and IT transformation and updates.

IT costs were also lower in fiscal year 2014-15 as some IT projects received a different accounting treatment due to their nature (i.e., capital asset versus expense). The decrease in accommodation expenses was also related to accounting treatment, as leaseholds became fully amortized during the fiscal year 2014-15 causing a reduction in total amortization expense when compared to fiscal year 2013-14.

From its inception, the Agency has been guided by the management principle that its focus should be on delivering the programs arising out of its legislation. As a result, we have opted to use common and/or shared services to provide generic corporate services when it has been cost-effective to do so.

Strategic management partnerships continue to give the Agency the flexibility needed to manage evolving programs as cost-effectively and efficiently as possible.

Changes in Accounting Standards

Transition to Public Sector Accounting Standards

In December 2014, the Public Sector Accounting Board (PSAB) issued amendments to Public Sector Accounting Standards (PSAS). These amendments introduced the concept of a new public sector entity—referred to as a government component—and provided guidance on the basis of accounting to be used by such entities. FCAC is considered a government component and is required to adopt PSAS effective the 2017-2018 fiscal year.

FCAC has chosen to approach the conversion in five phases: (1) Diagnostic Assessment; (2) Design and Planning; (3) Assessment, Design and Development; (4) Implementation and, (5) Post-Implementation Review. FCAC commenced the diagnostic assessment phase during 2014-15.

The design and planning phase will begin in summer 2015. This will include a transition plan and a timetable for assessing the impact of the change in accounting standards on systems, internal controls over financial reporting and business activities.

FCAC continues to monitor standards development as issued by PSAB. Such developments could affect the timing, nature or disclosure of the adoption of PSAS.

The transition to PSAS is a significant undertaking. As the design and planning phase has not yet begun, FCAC is unable to quantify the impact of PSAS on its financial statements. The following table outlines the elements of FCAC's conversion to PSAS and presents an assessment of progress towards achieving these objectives. As the project progresses or further changes in regulation conditions occur, changes to the transition plan may be required.

FCAC PSAS Conversion Approach

Assessment as at March 31, 2015

Project Phase	Milestone	Status
Diagnostic Assessment • Identify differences in IFRS/PSAS accounting policies	External advisor's report presented to FCAC's Executive and Audit Committees	To be completed in June 2015
Design and Planning • Launch project, establish project governance • Develop training and communications plan	Project governance and policy choices are in place	To be completed in 2015-16
Assessment, Design and Development • Identify solutions to PSAS and evaluate • Develop final solutions to PSAS	Solutions approved by FCAC's Executive and Audit Committees	To be completed in 2015-16
Implementation • Roll out PSAS solutions • Test and remediate	Financial systems and processes are able to capture and report PSAS information	To be completed in 2016-17
Post-Implementation Review • Debrief management and assess implementation • Ongoing PSAS update and related changes management	Ongoing process post-implementation	To be started in 2017-18

FINANCIAL STATEMENTS

March 31, 2015

Statement of Management Responsibility Including Internal Control over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the years ended March 31, 2015 and March 31, 2014, and all information contained in these statements rests with the management of the Financial Consumer Agency of Canada (FCAC). These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS).

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FCAC's financial transactions.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

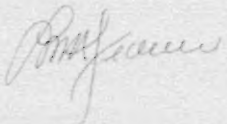
Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through an organizational structure that provides appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout FCAC; and through conducting an annual assessment of the effectiveness of the system of internal control over financial reporting.

The system of internal control over financial reporting is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

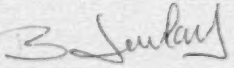
FCAC will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board *Policy on Internal Control*.

In the interim, FCAC has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2015, in accordance with the Treasury Board *Policy on Internal Control*, and the results and action plan are summarized in the annex.

Deloitte LLP has audited the financial statements of FCAC and reports on their audit to the Minister of Finance. This report does not include an audit opinion on the annual assessment of the effectiveness of FCAC's internal controls over financial reporting.



Lucie M.A. Tedesco
Commissioner
Financial Consumer Agency of Canada



Brigitte Goulard
Deputy Commissioner
Chief Financial Officer

Ottawa, Canada
June 23, 2015

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Deloitte.

Independent Auditor's Report

To the Minister of Finance

We have audited the accompanying financial statements of the Financial Consumer Agency of Canada, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, other comprehensive income, changes in deficiency and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Financial Consumer Agency of Canada as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

June 23, 2015
Ottawa, ON

Statement of Financial Position

As at March 31, 2015

(in Canadian dollars)	Note	2015	2014
ASSETS			
Current Assets			
Cash Entitlement		$ 1,650,739	$ 1,258,362
Trade Receivables, Net	7	4,926,047	110,630
Other Receivables	7	11,164	661,111
Prepaid Expenses		15,924	11,366
Non-Current Assets			
Property, Plant and Equipment	9	375,164	275,905
Intangible Assets	10	855,662	477,185
TOTAL ASSETS		**$ 7,834,700**	**$ 2,794,559**
LIABILITIES			
Current Liabilities			
Loan Payable		$ 4,000,000	$ –
Trade and Other Payables	8,15	3,020,632	1,829,645
Unearned Assessments		285,135	437,607
Employee Benefits – Sick leave	11	373,544	313,927
Employee Benefits – Severance	11	7,706	18,640
Non-Current Liabilities			
Employee Benefits – Severance	11	161,652	208,709
Total Liabilities		**7,848,669**	**2,808,528**
DEFICIENCY			
Accumulated Deficit	17	(13,969)	(13,969)
TOTAL LIABILITIES AND DEFICIENCY		**$ 7,834,700**	**$ 2,794,559**
Operating Lease Arrangements and Other Commitments	13		

Approved by:

Lucie M.A. Tedesco
Commissioner
Financial Consumer Agency of Canada

Brigitte Goulard
Deputy Commissioner
Chief Financial Officer

The accompanying notes are an integral part of these Financial Statements.

Statement of Operations

For the year ended March 31, 2015

(in Canadian dollars)	Note	2015	2014
REVENUE			
Assessments		$ 12,238,721	$ 12,084,314
Other Revenue		309	40
Total Revenue		**12,239,030**	**12,084,354**
EXPENSES			
Salaries and Benefits		10,113,535	9,177,100
Professional Services		4,204,978	2,145,637
Information Management/Technology		1,224,421	1,421,146
Accommodation		865,716	987,928
Administrative and Other		387,804	335,382
Travel		330,855	73,270
Interest	15	50,201	46,517
Total Expenses		**$ 17,177,510**	**$ 14,186,980**
Net Results of Operations before Government Funding and Administrative Monetary Penalties		**(4,938,480)**	**(2,102,626)**
Government Funding	16	4,934,209	2,171,266
Net Results of Operations before Administrative Monetary Penalties		**(4,271)**	**68,640**
Administrative Monetary Penalties	12	–	775,000
Administrative Monetary Penalties Earned on Behalf of the Government	12	–	(775,000)
Net Results of Operations		**$ (4,271)**	**$ 68,640**

The accompanying notes are an integral part of these Financial Statements.

Statement of Other Comprehensive Income

For the year ended March 31, 2015

(in Canadian dollars)	Note	2015	2014
Net Results of Operations		**$ (4,271)**	**$ 68,640**
Other Comprehensive Income			
Remeasurement Gains (Losses) on Defined Benefit Plans	11	4,271	(68,640)
Total Comprehensive Income		**$ –**	**$ –**

Statement of Changes in Deficiency

(in Canadian dollars)	Accumulated Deficit (unaudited)
Deficit at March 31, 2013	**$ (13,969)**
Net Results of Operations	**68,640**
Other Comprehensive Income	**(68,640)**
Deficit at March 31, 2014	**(13,969)**
Net Results of Operations	**(4,271)**
Other Comprehensive Income	**4,271**
Deficit at March 31, 2015	**$ (13,969)**

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended March 31, 2015

(in Canadian dollars)	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Financial Entities and Other Government Departments		$ 13,888,935	$ 15,250,185
Cash Paid to Suppliers and Employees		(16,721,465)	(14,888,870)
Interest Paid	15	(38,522)	(46,517)
Non-Respendable Administrative Monetary Penalties Remitted to the Consolidated Revenue Fund	12	–	(775,000)
Net Cash Used in Operating Activities		**(2,871,052)**	**(460,202)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	9	(263,293)	(82,160)
Acquisition of Intangible Assets	10	(473,278)	(341,620)
Net Cash Used in Investing Activities		**(736,571)**	**(423,780)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New Borrowings	15	10,000,000	8,000,000
Repayments		(6,000,000)	(8,000,000)
Net Cash Provided by Financing Activities		**4,000,000**	–
NET INCREASE (DECREASE) IN CASH ENTITLEMENT		**392,377**	**(883,982)**
CASH ENTITLEMENT, BEGINNING OF YEAR		**1,258,362**	**2,142,344**
CASH ENTITLEMENT, END OF YEAR		**$ 1,650,739**	**$ 1,258,362**

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015 (in Canadian dollars)

1. Authority and objectives

On October 24, 2001, the *Financial Consumer Agency of Canada Act* (the Act) came into force, establishing the Financial Consumer Agency of Canada (FCAC, or the Agency). The Financial Consumer Agency of Canada is responsible for strengthening the oversight of consumer protection measures in the federally regulated financial sector, expanding consumer education activities, and strengthening the financial literacy of Canadians. The Agency is a department of the Government of Canada and is listed in Schedule I.1 of the *Financial Administration Act*. The Government of Canada is FCAC's parent and ultimate controlling party of FCAC.

FCAC is a federal government agency established under the *Financial Consumer Agency of Canada Act*. It fulfills the roles listed in sections 3.(2) and 3.(3) of the Act, which state as follows:

3.(2)

The objects of the Agency are to

a) supervise financial institutions and external complaints bodies to determine whether the institution or body is in compliance with

  i) the consumer provisions applicable to them, and

  ii) the terms and conditions or undertakings with respect to the protection of customers of financial institutions that the Minister imposes or requires, as the case may be, under an Act listed in Schedule 1 and the directions that the Minister imposes under this Act;

b) promote the adoption by financial institutions and external complaints bodies of policies and procedures designed to implement the provisions, terms and conditions, undertakings or directions referred to in paragraph (a);

b.1) promote the adoption by financial institutions of policies and procedures designed to implement

  i) voluntary codes of conduct that are designed to protect the interests of their customers, that are adopted by financial institutions and that are publicly available, and

  ii) any public commitments made by them that are designed to protect the interests of their customers;

c) monitor the implementation of voluntary codes of conduct that are designed to protect the interests of customers of financial institutions, that have been adopted by financial institutions and that are publicly available and to monitor any public commitments made by financial institutions that are designed to protect the interests of their customers;

d) promote consumer awareness about the obligations of financial institutions and of external complaints bodies under consumer provisions applicable to them and about all matters connected with the protection of consumers of financial products and services;

e) foster, in co-operation with any department, agency or agent corporation of the Government of Canada or of a province, financial institutions and consumer and other organizations, an understanding of financial services and issues relating to financial services;

f) monitor and evaluate trends and emerging issues that may have an impact on consumers of financial products and services;

g) collaborate and coordinate its activities with stakeholders to contribute to and support initiatives to strengthen the financial literacy of Canadians.

1. Authority and objectives (continued)

3.(3)

a) supervise payment card network operators to determine whether they are in compliance with the provisions of the *Payment Card Networks Act* and its regulations;

b) promote the adoption by payment card network operators of policies and procedures designed to implement the provisions of the *Payment Card Networks Act* and its regulations;

c) monitor the implementation of voluntary codes of conduct that have been adopted by payment card network operators and that are publicly available, and to monitor any public commitments made by them regarding their commercial practices in relation to payment card networks; and

d) promote public awareness about the obligations of payment card network operators under a voluntary code of conduct or under the *Payment Card Networks Act*.

Section 18(3) of the Act provides that the Agency's costs of operations are to be assessed to the industry. Pursuant to section 13(2) of the Act, FCAC's operations are typically funded entirely through this process. FCAC is, however, entitled to receive a parliamentary statutory appropriation as authorized under section 13(3) of the Act.

FCAC's assessment revenues are charged in accordance with the *Financial Consumer Agency of Canada Assessment of Financial Institutions Regulations* and the financial assessment methodology of payment card network operators, which outline the methodologies used to determine each institution's assessment.

The Agency manages its working capital requirements by borrowing funds from the Government of Canada as authorized under section 13(1) of the Act.

2. Background information

The financial statements for the year ended March 31, 2015 were authorized for issue by the Commissioner of the Financial Consumer Agency of Canada on June 23, 2015. The head office is located at 427 Laurier Avenue West in Ottawa, Ontario, Canada. FCAC's principal activities are described in Note 1.

3. Basis of presentation

The financial statements have been prepared on a historical cost basis, except for cash entitlement, which has been measured at fair value.

The financial statements are presented in Canadian dollars because that is the currency of the primary economic environment in which FCAC operates.

STATEMENT OF COMPLIANCE

The financial statements of FCAC have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting policies used in the financial statements are based on the IFRS applicable as at March 31, 2015, and encompass individual IFRS, International Accounting Standards (IAS), and interpretations made by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). The policies set out below are consistently applied to all periods presented.

4. New and amended standards and disclosures

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

i) Financial Instruments

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 and revised on October 28, 2010, and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. During the current year the IASB issued the final version of IFRS 9, incorporating impairment of financial instruments with the classification, measurement and hedge accounting phases that had been issued earlier. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Financial liabilities held for trading are measured at "fair value through net results" ("FVTNR"), and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The standard proposes a lifetime expected loss model for impairment of trade receivables. IFRS 9 is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. At this time, management has determined that the impact of IFRS 9 on the financial statements of FCAC is not expected to be significant.

ii) Revenue

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. This guidance is effective for reporting periods beginning on or after January 1, 2017 and early application is permitted. The standard is to be applied using one of the following methods: retrospective or modified retrospective with the cumulative effect of initially applying the standard as an adjustment to opening equity at the date of initial application. FCAC plans to adopt IFRS 15 beginning April 1, 2017, and is currently assessing the potential effects of these changes on its financial statements.

iii) Disclosure Initiative

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1") to provide better guidance to assist entities to apply judgment when meeting the presentation and disclosure requirements in IFRS. The amendments clarify that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of the financial disclosures. The amendments also clarify that entities should use professional judgment in determining where and in what order information is presented in the financial statements. FCAC plans to adopt IAS 1 beginning April 1, 2016, and is currently assessing the potential effects of these changes on its financial statements.

5. Summary of significant accounting policies

The significant accounting policies of FCAC are set out below:

a) Cash entitlement
FCAC does not have its own bank account. All of the financial transactions of the Agency are processed through the Consolidated Revenue Fund (CRF), a banking facility administered by the Receiver General for Canada. FCAC's cash entitlement represents the amount the Agency is entitled to withdraw from the CRF without further authority. This amount does not earn interest.

b) Financial instruments
The classification of financial instruments is determined by FCAC at initial recognition and depends on the purpose for which the financial assets were acquired or liabilities were incurred. All financial instruments are recognized initially at fair value.

The fair value of financial instruments on initial recognition is based on the transaction price, which represents the fair value of the consideration given or received. Subsequent to initial recognition, financial instruments are measured based on the accounting treatment corresponding to their classification.

Classification	Accounting Treatment
Fair Value Through Net Results	Cash Entitlement is classified as "Fair Value Through Net Results." Cash Entitlement is measured at fair value.
Loans and Receivables	Trade Receivables and Other Receivables are classified as "Loans and Receivables." Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not debt securities. Subsequent to initial recognition, Loans and Receivables are measured at amortized cost using the effective interest method. Any gain, loss or interest income is recorded in revenues or expenses depending on the nature of the loan and receivable that gave rise to the gain, loss or interest income.
Other Financial Liabilities	Trade and Other Payables, and Unearned Assessments are classified as "Other Financial Liabilities." Other Financial Liabilities are non-derivative financial liabilities that have not been designated at fair value. Subsequent to initial recognition, Other Financial Liabilities are measured at amortized cost using the effective interest method. Any gain, loss or interest expense is recorded in revenues or expenses depending on the nature of the financial liability that gave rise to the gain, loss or interest expense.

Impairment of financial assets – FCAC assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, FCAC first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If FCAC determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the Statement of Operations.

c) Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes the cost of replacing parts of property, plant and equipment when incurred, if the recognition criteria are met. Repair and maintenance costs are recognized in the Statement of Operations as incurred.

Amortization is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Assets	Useful Life
Furniture and Fixtures	7 years
Leasehold Improvements	lesser of useful life or remaining term of the lease
Informatics Software	5 years
Office Equipment	4 years
Informatics Hardware	3 or 4 years

Software is capitalized as property, plant and equipment when the software is integral to the use of the related hardware. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively if appropriate.

d) Intangible assets

Intangible assets consist of internally developed and externally purchased software that is not an integral part of the related hardware.

Following initial recognition of the development expenditure as an asset, the historical cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets acquired separately are measured on initial recognition at cost. The cost of internally developed software consists of directly attributable costs necessary to create, produce, and prepare the software to be capable of operating in the manner intended by FCAC.

FCAC holds intangible assets that have finite lives and are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method is reviewed at least at each financial year-end. Amortization is calculated using the straight-line method over their estimated useful lives of five years and is recorded in the relevant expense line item depending on the business activity to which the expense pertains.

Amortization of the assets begins when development is complete and the assets are available for use. They are amortized over the period of expected future benefit.

Costs incurred during the pre-development stage are expensed in the period incurred.

e) Impairment of non-financial assets

FCAC assesses at each reporting date whether there are any internal indicators that an asset may be impaired (e.g., damaged assets or assets no longer being used). If any indication exists, or when annual impairment testing for an asset is required, FCAC estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. There is no risk of not recovering the carrying amount of the asset given FCAC's cost recovery business model.

FCAC assesses internally developed intangible assets not yet in use for impairment on an annual basis.

f) Employee benefits

i) Short-term benefits

Short-term benefits are recorded in the Statement of Operations when an employee has rendered the service. Unpaid short-term compensated leave that has vested at the reporting date is accrued at year-end and not discounted. Short-term compensated leave expected to occur within 12 months of the reporting date is classified as short-term employee benefits. FCAC contributes to the Government of Canada–sponsored Public Service Health Care Plan and Dental Care Plan for employees.

ii) Post-employment benefits

PENSION BENEFITS

Substantially all of the employees of FCAC are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and FCAC to cover current service cost.

Pursuant to legislation currently in place, FCAC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of FCAC.

SEVERANCE

On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment through a severance benefits plan. The cost of these benefits is accrued as the employees render their services necessary to earn severance benefits and represents the only obligation of FCAC for severance benefits. The severance benefits are based upon the final salary of the employee.

The cost of benefits is actuarially determined as at March 31 of each year using the projected benefit method prorated on services. The obligation is unfunded. The valuation of the liability is based upon a current market discount rate, which is based on the market yields at the Statement of Financial Position date on high-quality corporate bonds, and other actuarial assumptions; these represent management's best long-term estimates of factors such as future wage increases and employee resignation rates. All actuarial gains (losses) are recognized in Other Comprehensive Income in the Statement of Other Comprehensive Income.

OTHER BENEFITS

The Government of Canada sponsors a variety of other benefit plans from which former employees may benefit upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are the two major plans available to FCAC retirees. These are defined benefit plans sponsored by the Government of Canada. Contributions are required by FCAC to cover current service cost. Pursuant to legislation currently in place, FCAC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total obligation of FCAC with respect to these plans.

iii) Other long-term benefits – Sick Leave

Employees are eligible to accumulate sick leave until retirement or termination. Unused sick leave is not eligible for payment on retirement or termination, nor can it be used as vacation. All sick leave is an accumulating non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments.

The cost of sick leave as well as the present value of the obligation is determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.

g) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) are charged to the Statement of Operations on a straight-line basis over the period of the lease.

FCAC does not have the borrowing authority to enter into lease agreements that are classified as finance leases. FCAC has established procedures to review all lease agreements and identify if the proposed terms and conditions would result in a transfer to FCAC of substantially all the benefits and risks incidental to ownership.

FCAC records the costs associated with operating leases in the Statement of Operations in the period in which they are incurred.

h) Government funding
Government funding, including parliamentary appropriations, are recognized when there is reasonable assurance that the funding will be received and when all attached conditions have been complied with. When the funding relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The funding and corresponding expense item are recognized at their gross amounts.

i) Revenue recognition
FCAC recognizes revenue so as to recover its expenses. Any amounts that have been billed for which costs have not been incurred are classified as unearned assessments on the Statement of Financial Position. Revenue is recorded in the accounting period in which it is earned (service provided) whether or not it has been billed or collected. At March 31 of each year, amounts may have been collected in advance of the incurrence of costs or provision of services; alternatively, amounts may not have been collected and are owed to FCAC. FCAC assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. FCAC has concluded that it is acting as a principal in all of its revenue arrangements.

Assessments – Revenue from assessments is recognized based on actual costs incurred. The assessments are charged to recover costs and all costs are considered recoverable. Assessments are billed annually based on an estimate of the current fiscal year's costs of operations together with an adjustment for any differences between the previous year's assessed costs and actual. The assessment process is undertaken before December 31 in each year, in accordance with section 18(1) of the Act. As a result, at March 31 of each year, amounts may have been collected in advance of the incurrence of costs or, alternatively, funds may be owed to the Agency to fund its costs of operations.

The Commissioner may issue administrative monetary penalties when violations to consumer provisions occur. These penalties are imposed in cases where the Commissioner believes that there has been either a violation of the consumer provisions or non-compliance with any Compliance Agreement entered into pursuant to an act listed in Schedule 1 of the Act. The penalty amount may be as high as $50,000 for an individual and $500,000 for an institution. Penalties levied by FCAC are non-respendable and are to be remitted to the Consolidated Revenue Fund. The funds are not available to FCAC and, as a result, the penalties do not reduce the amount that FCAC assesses the industry in respect of its operating costs.

6. Significant accounting judgments, estimates and assumptions

The preparation of FCAC's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability, in which case the impact will be recognized in the financial statements of a future fiscal period.

JUDGMENTS

In the process of applying its accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments – FCAC as lessee
Public Works and Government Services Canada (PWGSC) enters into commercial property leases for FCAC's office space and recovers such cost from FCAC. FCAC also enters into leases for certain office equipment. FCAC has determined, based on an evaluation of the terms and conditions of the arrangements, that significantly all of the risks and rewards of ownership have not been transferred to FCAC and it therefore accounts for these contracts as operating leases.

Administrative monetary penalties – FCAC as principal
FCAC has determined it is the principal in the arrangement and has recorded revenue on a gross basis.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are next discussed:

Estimated useful lives of assets
The estimated useful lives of property, plant and equipment and intangible assets are based on management's intentions with respect to the asset, historical experience with the asset, internal asset management plans and other factors as determined by management. The useful lives are reviewed on an annual basis and any revisions to the useful lives are accounted for prospectively.

Severance benefits
The cost of defined benefit severance plan as well as the present value of the obligation is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and departure rates. All assumptions are reviewed annually as at March 31. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in Canada with AAA or AA ratings and with maturities matching the estimated cash flows of the severance payments. Departure rates are based on experience from the Public Service of Canada and include mortality, disability, termination and retirement. Future salary increases are based on expected future inflation rates in Canada.

Further details about the assumptions used are given in Note 11(a).

Sick leave
The cost of sick leave as well as the present value of the obligation is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, usage rates, and departure rates. All assumptions are reviewed annually as at March 31. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in Canada with AAA or AA ratings and with maturities matching the estimated sick leave usage. Departure rates are based on experience from the Public Service of Canada and include mortality, disability, termination and retirement. Future salary increases are based on expected future inflation rates in Canada.

There are no other accounting assumptions or estimates that have been identified to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year.

7. Trade and other receivables

The breakdown of all amounts owing to FCAC, by type is as follows:

	Federally Regulated Financial Entities	Other	Total March 31, 2015
Trade Receivables	$ 4,937,047	$ –	$ 4,937,047
Allowance for Doubtful Accounts	(11,000)	–	(11,000)
Trade Receivables, Net	**4,926,047**	**–**	**4,926,047**
Other			
Related Parties	–	5,628	5,628
Other Receivables	–	5,536	5,536
Total Other	–	11,164	11,164
Total	**$ 4,926,047**	**$ 11,164**	**$ 4,937,211**
% of Total Exposure	**99.8%**	**0.2%**	**100.0%**

	Federally Regulated Financial Entities	Other	Total March 31, 2014
Trade Receivables	$ 120,630	$ –	$ 120,630
Allowance for Doubtful Accounts	(10,000)	–	(10,000)
Trade Receivables, Net	**110,630**	**–**	**110,630**
Other			
Related Parties	–	11,111	11,111
Other Receivables	650,000	–	650,000
Total Other	650,000	11,111	661,111
Total	**$ 760,630**	**$ 11,111**	**$ 771,741**
% of Total Exposure	**98.6%**	**1.4%**	**100.0%**

FCAC records an allowance for doubtful accounts considering the age of an outstanding receivable and the likelihood of its collection. Provisions are also made where collection of the receivable is doubtful based on information gathered through collection efforts. An allowance is reversed once collection of the debt is successful or the amount is written off. Impairment losses on accounts receivable recognized during the year ended March 31, 2015, were $1,000 (March 31, 2014: $1,000). Recoveries during the same period totaled $Nil (March 31, 2014: $Nil).

A trade receivable will be considered to be impaired and written off when FCAC is certain that collection will not occur and all requirements of the *Debt Write-Off Regulations, 1994* have been met. During the period, no interest was earned on impaired assets and none of the past due amounts were renegotiated. Those that are neither past due nor provided for or impaired are considered to be fully collectible.

As at March 31, 2015, the aging of non–related party trade receivables was as follows (for terms and conditions relating to related-party receivables, refer to Note 8):

Days outstanding	Current	31-60	61-90	91-120	> 120	Total
March 31, 2015	$ 47,330	$ –	$ 4,876,717	$	$ 13,000	0
March 31, 2014	$ –	$ 98,699	$ –	$	$ 10,000	0

All assessments receivable and accrued assessments are recoverable from federally regulated financial entities (includes banks, trust and loan companies, life insurance companies, property and casualty insurance companies, retail associations and payment card network operators). FCAC regulates over 375 financial entities and does not have a significant receivable from any individual financial entity.

Refer to Note 15(c) for further information on credit risk applicable to FCAC.

8. Related-party transactions

a) The ultimate parent
The Government of Canada is the ultimate parent of FCAC, and has control over FCAC.

b) Compensation of key management personnel
Key management personnel includes the following positions: the Commissioner, Deputy Commissioner, Financial Literacy Leader, and directors of FCAC. Total compensation paid to key management personnel for the year ended March 31 is provided in the table following.

	2015	2014
Short-term employee benefits	$ 1,696,215	$ 1,337,656
Post-employment benefits	425,153	267,650
Other long-term benefits	24,347	18,349
Total	**$ 2,145,715**	**$ 1,623,655**
Average Number of Employees	**9**	**7**

8. Related party transactions (continued)

c) Government related entities

FCAC is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. FCAC enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year ended March 31, 2015, FCAC purchased goods and services for $5,920,052 (2014 – $4,600,026) and earned revenue of $233,357 (2014 – $99,352) from transactions with other government departments. Individually, these transactions were in the normal course of business. Although most transactions are not individually significant, FCAC did have the following individually significant transactions:

Entity	Nature	2015 Expenditures	2015 Payable	2014 Expenditures	2014 Payable
Treasury Board Secretariat	Pension contributions and other employee benefits	$ 1,927,184	$ 206,031	$ 1,796,863	$ 116,559
Public Works and Government Services Canada	Accommodation, translation services and other services	1,129,927	132,944	962,429	40,537
Office of the Superintendent of Financial Institutions	Finance, internal audit and actuarial services	396,076	65,716	577,487	227,451
Department of Justice	Legal services	278,298	2,222	223,981	17,321
Canadian Human Rights Commission	Human resources services	333,939	87	331,501	74
Shared Services Canada	Communication and other services	156,672	19,128	78,752	5,325
Statistics Canada	Research services	1,085,875	–	15,000	–

As at March 31, 2015, the amounts of trade receivables and trade and other payables from these related parties are $5,628 (March 31, 2014 – $11,111) and $519,983 (March 31, 2014 – $588,334), respectively.

FCAC was granted a parliamentary statutory appropriation of up to $5,000,000 for the fiscal year ended March 31, 2015 (2014 – $5,000,000) to support, collaborate and coordinate its activities and efforts with stakeholders to improve and strengthen the financial literacy of Canadians. During the year ended March 31, 2015, FCAC spent an appropriation of $4,934,208 (2014 – $2,171,266).

9. Property, plant and equipment

Cost	Leasehold improvements	Furniture and fixtures	Office equipment	Informatics hardware	Informatics software	Total
Balance at March 31, 2013	**$ 916,339**	**$ 816,356**	**$ 58,531**	**$ 296,979**	**$ 20,244**	**$ 2,108,449**
Additions	6,124	51,023	–	25,013	–	82,160
Balance at March 31, 2014	**$ 922,463**	**$ 867,379**	**$ 58,531**	**$ 321,992**	**$ 20,244**	**$ 2,190,609**
Additions	–	53,601	–	209,692	–	263,293
Balance at March 31, 2015	**$ 922,463**	**$ 920,980**	**$ 58,531**	**$ 531,684**	**$ 20,244**	**$ 2,453,902**
Accumulated depreciation and impairment						
Balance at March 31, 2013	**$ 756,028**	**$ 635,100**	**$ 51,476**	**$ 206,992**	**$ 19,232**	**$ 1,668,828**
Depreciation expense	117,303	51,757	3,045	72,759	1,012	245,876
Balance at March 31, 2014	**$ 873,331**	**$ 686,857**	**$ 54,521**	**$ 279,751**	**$ 20,244**	**$ 1,914,704**
Depreciation expense	49,132	46,487	3,046	65,369	–	164,034
Balance at March 31, 2015	**$ 922,463**	**$ 733,344**	**$ 57,567**	**$ 345,120**	**$ 20,244**	**$ 2,078,738**
Net book value						
Balance at March 31, 2014	$ 49,132	$ 180,522	$ 4,010	$ 42,241	$ –	$ 275,905
Balance at March 31, 2015	**$ –**	**$ 187,636**	**$ 964**	**$ 186,564**	**$ –**	**$ 375,164**

None of the assets held have any restriction on title and none of the assets have been pledged as security for liabilities. As at March 31, 2015, FCAC had $1,861,202 of capital assets at cost that were fully depreciated and still in use. These assets are near the end of their useful life and their fair value is insignificant.

10. Intangible assets

Cost	Software	Software under development	Total
Balance at March 31, 2013	**$ 144,809**	**$ 107,002**	**$ 251,811**
Additions	9,031	332,589	341,620
Transfer to in use	220,158	(220,158)	–
Balance at March 31, 2014	**$ 373,998**	**$ 219,433**	**$ 593,431**
Additions	100,977	372,301	473,278
Transfer to in use	181,011	(181,011)	–
Balance at March 31, 2015	**$ 655,986**	**$ 410,723**	**$ 1,066,709**
Accumulated amortization			
Balance at March 31, 2013	**$ 83,457**	**$ –**	**$ 83,457**
Amortization	32,789	–	32,789
Balance at March 31, 2014	**$ 116,246**	**$ –**	**$ 116,246**
Amortization	94,801	–	94,801
Balance at March 31, 2015	**$ 211,047**	**$ –**	**$ 211,047**
Net book value			
Balance at March 31, 2014	$ 257,752	$ 219,433	$ 477,185
Balance at March 31, 2015	**$ 444,939**	**$ 410,723**	**$ 855,662**

As at March 31, 2015, FCAC had $58,386 intangible assets at cost that were fully amortized and still in use. These assets are near the end of their useful life and their fair value is insignificant.

11. Employee benefits

a) Post-employment benefits

i) Pension benefits

Substantially all of the employees of FCAC are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and FCAC. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at the end of the period was 11.242% (2014 – 11.885%). Total contributions of $874,775 (2014 – $822,763) were recognized as expense in the current period.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

ii) Severance benefits

Information about FCAC's severance benefit plan is presented in the table below.

	March 31, 2015	March 31, 2014
Accrued Benefit Obligation, beginning of the year	**$ 227,349**	**$ 570,785**
Current service cost	7,504	7,246
Interest cost	8,141	14,423
Benefits paid	(69,365)	(433,745)
Curtailment loss	–	–
Actuarial (gain)/loss	(4,271)	68,640
Accrued Benefit Obligation, end of the year[1]	**$ 169,358**	**$ 227,349**
Current Portion of Accrued Benefit Obligation, end of the year	$ 7,706	$ 18,640
Long-term Portion of Accrued Benefit Obligation, end of the year	161,652	208,709
Accrued Benefit Obligation, end of the year[1]	**$ 169,358**	**$ 227,349**
Net Benefit Plan Expense		
Current service cost	7,504	7,246
Interest cost	8,141	14,423
Curtailment loss	–	–
Actuarial (gain)/loss	(4,271)	68,640
Benefit Expense	**$ 11,374**	**$ 90,309**

[1] The cost corresponding to annual changes in the accrued benefit liability is recovered from FCAC's various sources of revenue outlined in Note 5(i) to the financial statements. Amounts collected in excess of benefits paid are presented on the Statement of Financial Position under the heading of Cash Entitlement.

Annually, as at March 31 of each year, FCAC obtains an actuarial valuation of its accrued benefit obligation. Cumulative actuarial losses (gains) recorded in income since April 1, 2010, the date of FCAC's transition to IFRS, are $131,630 (2014 – $135,901).

The significant actuarial assumption adopted in measuring FCAC's accrued benefit obligation is a discount rate of 3.45% (2014 – 4.15%). For measurement purposes, management's best estimate for the general salary increases to estimate the current service cost and the accrued benefit obligation as at March 31, 2015 is an annual economic increase of 0.5% for the plan years 2016 and 2017 (2014 – 1.0% for the plan year 2015). Thereafter, an annual economic increase of 1.0% is assumed (2014 – 1.5%). The average remaining service period of active employees covered by the benefit plan is 16 years (2014 – 16 years).

FCAC has adopted the following disclosure requirements prospectively from the date of transition to IFRS. Amounts for the current and previous four periods are as follows:

Employee Benefits – Severance	Accrued benefit obligation	Actuarial losses/ (gains) recognized during the period
March 31, 2015	**$ 169,358**	**$ (4,271)**
March 31, 2014	227,349	68,640
March 31, 2013	570,785	81,270
March 31, 2012	430,540	41,227
March 31, 2011	$ 465,875	$ (55,686)

Curtailment

Effective September 30, 2011, FCAC modified its severance plan for Executive-level employees. All Executive-level employees ceased accumulating benefits under the severance plan. Employees were given three options with respect to the benefits accumulated under this plan. The choices were to take the severance earned to date immediately as a cash payment, continue to defer payment until retirement or voluntary departure, or a combination of the latter two options.

Effective May 22, 2013, all non–Executive level employees ceased accumulating benefits under the severance plan. Employees within this group were given the same three options with respect to the benefits accumulated under this plan. The benefits paid during the year ended March 31, 2014 of $433,745 include payments to employees who chose an immediate settlement.

Sensitivity Analysis

The discount rate used to estimate the present value of the severance benefit obligation has a significant effect on the obligation at the end of the year, as well as on the current service and interest costs. A 1.0% change in the discount rate would have had the following effects for 2015.

Change in discount rate of 1.0%	Increase	Decrease
Accrued benefit obligation	$ (18,937)	$ 22,842

These sensitivities are hypothetical and should be used with caution. The relationship of a change in assumption to the change in value may not be linear. Changes in one factor may result in changes in another, which may magnify or counteract the sensitivities.

b) Other long-term benefits

i) Sick leave

Information about FCAC's sick leave plan is presented in the table below.

	March 31, 2015	March 31, 2014
Accrued Benefit Obligation, beginning of the year	**$ 313,927**	**$ 325,749**
Current service cost	49,643	53,435
Interest cost	13,430	13,863
Benefits paid	(43,327)	(8,998)
Actuarial (gain)/loss	39,871	(70,122)
Accrued Benefit Obligation, end of the year[1]	**$ 373,544**	**$ 313,927**
Net Benefit Plan Expense		
Current service cost	49,643	53,435
Interest cost	13,430	13,863
Actuarial (gain)/loss	39,871	(70,122)
Benefit Expense	**$ 102,944**	**$ (2,824)**

[1] The cost corresponding to annual changes in the accrued benefit liability is recovered from FCAC's various sources of revenue outlined in Note 5(i) to the financial statements. Amounts collected in excess of benefits paid are presented on the Statement of Financial Position under the heading of Cash Entitlement.

Annually, as at March 31 of each year, FCAC obtains an actuarial valuation of its accrued benefit obligation. Actuarial assumptions are reviewed at each valuation date. Cumulative actuarial losses recorded in income since April 1, 2010, the date of FCAC's transition to IFRS, are $231,324 (2014 – $191,453).

The significant actuarial assumption adopted in measuring FCAC's accrued benefit obligation is a discount rate of 3.48% (2014 – 4.22%). For measurement purposes, management's best estimate for the general salary increases to estimate the current service cost and the accrued benefit obligation as at March 31, 2015 is an annual economic increase of 0.5% for the plan years 2016 and 2017 (2014 – 1.0% for 2015). Thereafter, an annual economic increase of 1.0% is assumed (2014 – 1.5%). The average remaining service period of active employees covered by the benefit plan is 16 years (2014 – 16 years).

FCAC has adopted the following disclosure requirements prospectively from the date of transition to IFRS. Amounts for the current and previous four periods are as follows:

Employee Benefits – Sick Leave	Accrued benefit obligation	Actuarial (gains)/ losses recognized during the period
March 31, 2015	**$ 373,544**	**$ 39,871**
March 31, 2014	313,927	(70,122)
March 31, 2013	325,749	56,109
March 31, 2012	235,950	194,212
March 31, 2011	93,333	11,254

Sensitivity Analysis
The discount rate and sick leave usage rate used to estimate the present value of the sick leave obligation have a significant effect on the obligation at the end of the year, as well as on the current service and interest costs. A 1.0% change in the discount rate or the sick leave usage rate would have had the following effects for 2015.

Change in discount rate of 1.0%	Increase	Decrease
Accrued benefit obligation	$ (45,299)	$ 54,903

Change in usage rate of 1.0%	Increase	Decrease
Accrued benefit obligation	$ 15,564	$ (15,564)

These sensitivities are hypothetical and should be used with caution. The relationship of a change in assumption to the change in value may not be linear. Changes in one factor may result in changes in another, which may magnify or counteract the sensitivities.

12. Administrative monetary penalties

Administrative monetary penalties levied by FCAC are remitted to the Consolidated Revenue Fund. The funds are not available for use by FCAC and, as a result, the penalties do not reduce the amount that FCAC assesses the industry in respect of its operating costs.

In the period ended March 31, 2015, FCAC levied $Nil (2014 – $775,000) in administrative monetary penalties.

13. Operating lease arrangements

Minimum lease payments under operating leases recognized as an expense during the year ended March 31, 2015 were $1,564,817 (2014 – $1,510,086)

FCAC has entered into operating lease agreements for office space and office equipment and contracts for services. These leases have an average life of between one and five years with no renewal option included in the contracts. There are no restrictions placed upon FCAC when entering into these leases. The minimum aggregate annual payments for future fiscal years are as follows:

	2015	2014
Within one year	$ 1,484,387	$ 1,140,011
After one year but not more than five years	3,893,988	1,869,024
More than five years	–	–
Total	**$ 5,378,375**	**$ 3,009,035**

14. Human resources expense

	2015	2014
Wages and salaries	$ 7,962,750	$ 7,196,934
Other benefits	1,222,060	1,108,849
Post-employment benefits other than severance	874,775	829,199
Severance benefits	15,645	21,669
Other personnel costs	38,305	20,449
Total Human Resources Expense	**$ 10,113,535**	**$ 9,177,100**

15. Financial risk management

FCAC's financial liabilities include Trade and Other Payables, and Unearned Assessments. The main purpose of these liabilities is to provide short-term financing for FCAC's operations. Financial assets include Cash Entitlement, Trade Receivables and Other Receivables.

FCAC is exposed to market risk, credit risk and liquidity risk in connection with financial instruments.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. FCAC is exposed to currency risk on any amounts payable that are to be settled in a currency other than the Canadian dollar, and is exposed to interest rate risk as discussed below. FCAC is not exposed to other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. FCAC's exposure to the risk of changes in foreign exchange rates relates primarily to the Agency's operating activities (when expenses are denominated in a currency other than the Canadian dollar).

FCAC manages its exposure to currency risk by structuring its contracts in Canadian dollars wherever possible. The majority of FCAC's transactions are denominated in Canadian dollars; consequently, FCAC's exposure to currency risk is insignificant.

There is no impact to revenue since all billings are done in Canadian dollars.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. FCAC's exposure to the risk of market interest rates relates primarily to FCAC's loans payable with floating interest rate as determined by the Department of Finance Canada. FCAC attempts to reduce the borrowings necessary by effectively forecasting its required cash flows from assessments from financial entities. FCAC is not authorized to enter into any arrangements in order to reduce its exposure to interest rate risk.

The table below demonstrates the sensitivity of FCAC's operating expenses to a one-percentage-point fluctuation in market interest rates, with all other variables held constant.

	Fluctuation in Interest Rate	Effect on Expenses
March 31, 2015	+1%	$ 46,109
	-1%	(46,109)
March 31, 2014	+1%	$ 40,877
	-1%	(40,877)

c) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument, resulting in a financial loss for FCAC. The maximum exposure FCAC has to credit risk as at March 31, 2015, is $4,937,211 (March 31, 2014: $771,471), which is equal to the carrying value of its Trade Receivables and Other Receivables.

All federally regulated financial entities are required to register with FCAC and pay the assessments as established by FCAC. Any loss incurred by FCAC as a result of a counterparty's not meeting its obligations is recorded in the year incurred and collected in the following year, as outlined in the Act. All remaining receivables are with other government organizations, where there is minimal potential risk of loss. FCAC does not hold collateral as security.

d) Liquidity risk

Liquidity risk is the risk that FCAC will encounter difficulty in meeting obligations associated with current and future financial liabilities. FCAC's objective is to maintain sufficient Cash Entitlement through collection of assessments and fees in order to meet its operating requirements. FCAC manages liquidity risk through a detailed annual planning and billing process, which is structured to allow for sufficient liquidity from one billing period to the next. FCAC's objective is to accurately estimate its operating costs for the year in order to accurately estimate the assessments and fees to be collected from federally regulated financial entities.

FCAC's policy is to satisfy liabilities by the following means (in decreasing order of priority):

- Cash Entitlement
- Borrowings from the Consolidated Revenue Fund

The table below summarizes the maturity profile of FCAC's financial liabilities at March 31, 2015 and March 31, 2014, based on contractual undiscounted payments. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which FCAC can be required to pay. When amounts are due in instalments, each instalment is allocated to the earliest period in which FCAC can be required to pay.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	March 31, 2015 Total
Trade and Other Payables	$ 430,155	$ 2,190,921	$ 399,556	$ –	$ –	$ 3,020,632
Unearned Assessments	–	–	285,135	–	–	285,135
Total	**$ 430,155**	**$ 2,190,921**	**$ 684,691**	**$ –**	**$ –**	**$ 3,305,767**

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	March 31, 2014 Total
Trade and Other Payables	$ 340,967	$ 1,144,298	$ 344,380	$ –	$ –	$ 1,829,645
Unearned Assessments	–	–	437,607	–	–	437,607
Total	**$ 340,967**	**$ 1,144,298**	**$ 781,987**	**$ –**	**$ –**	**$ 2,267,252**

Balances due within 12 months equal their carrying amounts, as the impact of discounting is insignificant.

By December 31 of each year, the Commissioner must determine the total expenses incurred by the Agency during the preceding fiscal year for, or in connection with, the administration of the Act and the consumer provisions. The Commissioner then assesses each federally regulated financial entity a portion of these expenses, as determined by regulation or the financial assessment methodology of payment card network operators. Interim assessments are also possible. To temporarily fund expenses until entities are assessed, before March 31 of each year the Agency must seek Ministerial authority to borrow from the CRF for the next fiscal year, up to a predetermined limit. The authority to borrow from the CRF is granted under section 13 of the Act. For the year ended March 31, 2015, the Minister has approved up to $11,000,000 (2014: $10,000,000). All amounts borrowed must be repaid within one year. The Agency pays interest on the funds borrowed as described under "Interest Rate Risk."

As at March 31, 2015, FCAC used $4,000,000 (2014 – $Nil) of this facility. Refer to Note 1 for further information on FCAC's authority.

The liquidity of FCAC's financial assets is outlined in Note 7, "Trade and Other Receivables."

16. Government funding

FCAC was granted a parliamentary statutory appropriation of up to $5,000,000 for the fiscal year ended March 31, 2015 (2014 – $5,000,000) to support, collaborate and coordinate its activities and efforts with stakeholders to improve and strengthen the financial literacy of Canadians. During the year ended March 31, 2015, FCAC spent an appropriation of $4,934,208 (2014 – $2,171,266).

17. Deficiency

Accumulated Deficit – $46,533 of Accumulated Deficit was created as part of FCAC's transition to IFRS from Canadian generally accepted accounting principles on April 1, 2010. This balance was reduced by $32,564 as a result of operations during the year ended March 31, 2011 under IFRS. The balance has not changed since the transition to IFRS.

Capital Management – FCAC includes its Accumulated Deficit, entitled "Deficiency," in its definition of capital. FCAC is prohibited from issuing its own capital or its own debt to meet any capital requirements. FCAC operates on a cost recovery basis. Its objective when managing capital is to closely manage actual costs to those estimated and communicated to its paying stakeholders. Any operating shortfall or excess is factored into the assessments and fees charged to regulated entities in the following year. FCAC fully recovered all of its costs incurred in the year.

FCAC is not subject to any externally imposed capital requirement.

FCAC did not change its capital management objectives, policies or processes during the period ended March 31, 2015.

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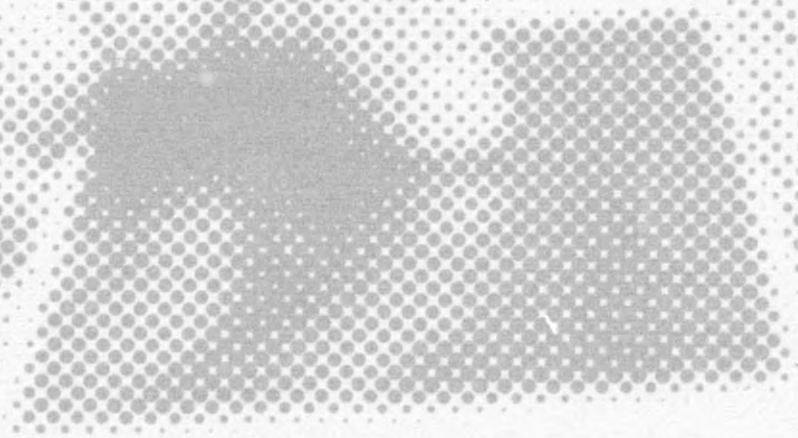

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